



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

16 September 1998

CERM-P

MEMORANDUM FOR Commanders, Major Subordinate Commands

SUBJECT: Additional Operating Guidance for Standard Costing Behavior

1. In my 21 April 1998 memorandum, subject: Operating Guidance for Standard Costing Behavior, I provided you with a list of charging practices I wanted your Regional Management Boards (RMB) to review to ensure consistency and compliance in their regions. For more than half of the items on this list, the headquarters staff has already provided the necessary guidance. That guidance has been consolidated in this package along with additional guidance. This memorandum forwards composite guidance for all but three items on the list.
2. Enclosure 1 contains a copy of the 21 April 1998 memorandum which identified inconsistencies among districts found during Command Inspections, and the original list of charging practices provided with that memorandum. The list identifies specific costing practices and cites the policy guidance which specifies how and where these costs are to be recorded. Minimal revisions to the guidance issued with the 21 April 1998 memorandum were necessary, such as adding items to be paid for from the Invoice Clearing work item and correcting the language by using the appropriate Corps of Engineers Financial Management System (CEFMS) terminology. The guidance now forwarded is comprehensive and up-to-date and should be used by your RMBs to achieve standard costing behaviors in their regions.
3. Three costing issues have proved to be very difficult and require additional effort. These items are identified on page 2 of enclosure 1 and you will receive the necessary guidance early in the next fiscal year.
4. I expect the RMBs to continue working on achieving consistency and compliance in their regions. We have made some progress, but we still have a long way to go to ensure everyone in USACE is operating on the same rules and using standard charging practices. I solicit from your RMBs any other contentious charging practices that need to be clarified and/or defined.

FOR THE COMMANDER:

ALBERT J. GENETTI, JR.  
Major General, USA  
Chief of Staff

Encls  
as

CF:  
CEIG



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

CERM-P

21 April 18

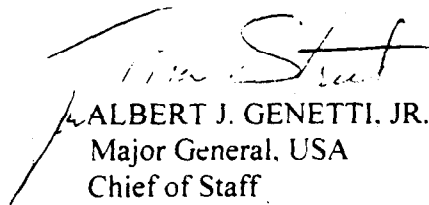
MEMORANDUM FOR Commanders, Major Subordinate Commands

SUBJECT: Operating Guidance for Standard Costing Behavior

1. A primary objective for the MSC Regional Management Boards (RMBs) is to promote and achieve standard costing behavior throughout USACE. This memo identifies a slate of charging practices for each RMB to review. Having all the regional boards address the same charging practices is the fastest way to achieve Command-wide consistency in the way things are costed.
2. The focal point for achieving standard costing practices and for sound resource management decisions is your Command Operating Budget. The operating budget is your tool for managing on a business-like basis. I expect at a minimum that your RMBs guarantee operations are in accordance with ER 37-1-24, Financial Administration Operating Budgets and that Appendix A, the Operating Budget Checklist, is successfully completed for the start of FY99 (copies at Enclosure 1). I realize that for some of you, operating budgets are and have been a way of life, and for this you are commended. For the rest of you who might not be there yet, it is time to catch-up.
3. Additionally, I want the RMBs to pursue the attached list of charging practices where Command Inspections identified inconsistencies among districts. Enclosure 2 identifies specific costing practices, such as how we distribute civil rent costs, and cites the policy guidance which specifies how and where these costs are to be recorded. Where the headquarters staff has found the guidance to be conflicting, inadequate, or subject to interpretation, clarifying narrative is provided. Enclosure 2 also provides a point of contact on each costing item to assist with any additional questions you may have. There are several items in the list at the enclosure which require additional effort on the part of the headquarters staff to ensure that you have clear and adequate guidance. These items are identified and you will receive the requisite guidance before 1 July 1998.
4. I expect the RMBs to work on achieving consistency and compliance in their regions over the next several months so that we begin FY99 with everyone in USACE operating on the same rules using standard charging practices.

FOR THE COMMANDER:

Encls  
as

  
ALBERT J. GENETTI, JR.  
Major General, USA  
Chief of Staff

CF:  
CEIG

## Inconsistent Cost Behaviors

Item	Guidance Attached
1. Successful completion of Operating Budget Checklist, Appendix A, ER 37-1-24. POC Dale Ringer	Yes
2. Direct charging rule for the support staff. Reference ER 37-2-10, Chpt 24, para 24-1 and 24-2d, g, h and i. POC Susan Turek	Yes
3. Formulation of overhead rates (General and Administrative). Reference ER 37-2-10, Chpt 24, para 24-3a, b and c. POC Susan Turek	Yes
4. Distributions of general and administrative costs. Reference ER-37-2-10, Chpt 24, para 24-3. POC Frank Billiams	Yes
5. Budgeting and accounting for finance and accounting and central payroll services. Reference ER 37-2-10, Chpt 24, para 24-2b. POC Susan Turek	Yes
6. Budgeting and accounting for human resource costs. Reference ER 37-2-10, Chpt 24, para 24-2e, Chpt 6, para 6-26 and Appendix 6-I. POC Susan Turek	Yes
7. District billings to divisions for district support costs. Reference ER 37-2-10, Chpt 24, para 24-3. POC Frank Billiams	Yes
8. Use of revolving fund 59 accounts. Reference ER 37-2-10, Chpt 16, para 16-5dd. POC Frank Billiams	Yes
9. Distributions of communications costs. Reference ER 37-2-10, Chpt 16, para 16-5v(1-7) and Chpt 24, para 24-2k(6). POC Frank Billiams	Yes
10. Distributions of AIS, CEFMS, CEAP and other automation bills. Reference ER 37-2-10 Chpt 24, para 24-2k(5) and Chpt 16, para 16-5j, 16-5u(1-14) and 16-5b. POC Frank Billiams	Yes
11. Direct Charging Rule. Reference ER 37-2-10, Chpt 6, para 6-11a(3) and Chpt 7, para 7-5a(2). POC Susan Turek	Yes
12. Distributions of GSA rent. Reference ER 37-2-10, Chpt 6, para 6-24 and Chpt 16, para 16-5j. POC Susan Turek	Yes

## Inconsistent Cost Behaviors (con't)

Item	Guidance Attached
13. Labor cost transfers. Reference ER 37-2-10, Chpt 7, para 7-5. POC Frank Billiams	Yes
14. Formulation of departmental and area office overhead rates. Reference ER 37-2-10, Chpt 22. POC Susan Turek	Yes
15. Charging to the appropriate supervision and administration (S&A) accounts, i.e., MILCON, OMA and DERP. Information Paper 7 Jul 98 and ER 37-2-10, Chpt 27. POC Phil Blount and Susan Turek	Yes
16. Accounting for work sent to other Corps and other Federal agencies. POC Jerry Zuppe	No*
17. Accounting for direct fund cites. Reference ER 37-245-10, Chpt 9 and CEFMS instructions. POC Margo Sheridan	Yes
18. Funding the leave liability account. POC Frank Billiams	No*
19. All other cost transfers. Reference ER 37-2-10, Chpt 6, para 6-29. POC Frank Billiams	Yes
20. Charging of engineering and design during construction (EDC). Reference ER 37-345-10, Chpt 6, pg 6-21. POC Phil Blount	Yes
21. Distribution of civil S&A costs to the permanent work category codes. POC Frank Billiams	No*
22. Budgeting and accounting for workman's compensation. Information Paper, 22 May 1998. POC Debbie Woods	Yes
23. S&A charges on in-house labor. Reference ER 37-345-10, Chpt 6, pg 6-18. POC Phil Blount	Yes
24. Accounting for late interest payments. Reference ER 37-2-10, Chpt 16, para 16-5j. POC Frank Billiams	Yes

\*Guidance will be forth coming in FY99.



DEPARTMENT OF THE ARMY  
U. S. Army Corps of Engineers  
Washington, DC 20314-1000

ER 37-1-24

CERM-B

Regulation  
No. 37-1-24

22 December 1994

Financial Administration  
OPERATING BUDGETS

1. Purpose. This regulation provides policy guidance for the preparation and utilization of operating budgets.
2. Applicability. This regulation applies to HQUSACE/OCE, major subordinate commands (MSC), districts, laboratories and separate field operating activities (FOA).
3. References.
  - a. P.L. 101-576, Chief Financial Officers Act of 1990.
  - b. ER 5-7-1(FR), Project Management.
  - c. EP 37-1-3, Operating Budget Process Model.
4. General.
  - a. An operating budget (OB) is a formal, written plan that interrelates and reconciles the operating requirements with the funding sources of a command (e.g., HQUSACE, MSC, district, laboratory or FOA). An OB reflects the missions and specific objectives of the command, as well as any limitations (e.g., constraining targets, available funds) imposed upon it. An operating budget is a method used by the command to manage its resources.
  - b. Not only does an OB provide the command's managers with a planning tool, but also it permits the orderly recording of actual operations. Therefore, it can provide the basis for review and corrective action in a timely manner.
  - c. An operating budget encompasses all projected available funds, to include program funds and those funds anticipated via reimbursable orders, to capture all costs of an organization, both direct and indirect.
  - d. OBs are normally developed for and used throughout a single fiscal year. Commanders may find that an OB covering a longer period of time may be more useful, particularly in regard to project management.
  - e. Some common uses of an operating budget are:
    - (1) Managing and controlling funds.
    - (2) Preparing estimates of both contracted and in-house work.

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This regulation supersedes ER 37-1-24, 19 March 1993.

Page 2 is missing

(1) Missions Statement. A statement of new or revised missions, functions or responsibilities to be assumed, and a reference to the document describing the ongoing missions.

(2) Objectives. A brief statement of the commander's objectives in support of the Chief of Engineer's Command Goals. Objectives of a continuing nature and functional statements should not be recorded here, as they are presumed to be included in other publications.

(3) Control Guidance. A set of assumptions upon which the approved budgeted amounts are based.

(a) Organizational Changes. Information on planned internal changes, such as establishment, reorganization, redesignation, relocation, discontinuance, etc.

(b) Manpower. Distribution of military and civilian manpower authorizations to each office and other pertinent guidance on the use of manpower resources.

(c) Funding. Total funds to be received and/or programmed for the fiscal year. Funds will be arrayed by appropriation and will show reimbursable orders separately. In cases of "project funds," i.e., those with statutory line item authorizations, the summary total should be appended with a detailed project listing or a reference to another official document that contains those details.

(d) Other Guidance. List any other assumptions upon which the OB is based. Specify any targets or limitations imposed either internally or by higher authorities.

(4) Financial Plan. A display, by organizational element and in summary, of the total planned expenses and funding for the fiscal year. Expenses will be broken down into elements of resource (EOR) and should include labor, travel, rents, utilities, other contractual services, supplies, and equipment. The EOR breakdown should be as detailed as necessary to establish a control base. Further, the financial plan will show the source of funds (by appropriation) that corresponds to estimated expenses.

(a) The plan will include a forecasted monthly schedule of obligations and expenditures by organizational element, EOR and source of funds. The forecast should be used to evaluate ongoing performance.

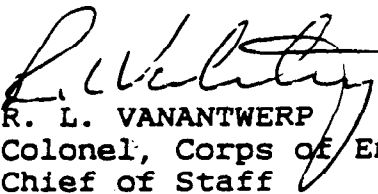
(b) Additional supporting schedules could include, for example, specialized exhibits to portray cost details - i.e., charges for travel, G&A, departmental overhead or facility accounts - and income to be earned from S&A on construction placement.

Page 4 is missing

g. A checklist covering both the formulation and execution phases of the OB is included at Appendix A. It can be used by commanders and financial officers to evaluate whether the local OB complies with this directive and serves the needs of the command.

FOR THE COMMANDER:

1 APPENDIX  
APP A - Operating Budget  
Checklist

  
R. L. VANANTWERP  
Colonel, Corps of Engineers  
Chief of Staff

APPENDIX A

OPERATING BUDGET CHECKLIST

A. FORMULATION

1. Is the initial OB formulated prior to the start of the fiscal year?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
2. Are the operating budget and changes formally approved by the commander?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
3. Does the OB have a mission statement?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
4. Does the OB include a statement of goals and objectives by the local commander?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
5. Does the OB show how much it costs to run each of the command's offices?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
6. Does it show all sources of funds by appropriation, to include program funds and funds anticipated via reimbursable orders?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
7. Does it distinguish between in-house operations and contracts?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
8. Are the departmental and G&A overhead costs and rates separately identified? Are these rates computed on the basis of the approved operating budget?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
9. Are the total project costs (direct and indirect) for all civil, military, and reimbursable projects anticipated and budgeted to ensure that no project is subsidizing others?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
10. Does the operating budget list and consider all restrictions, limitations and targets assigned to the fiscal year?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
11. Was HQUSACE, MSC and other consolidated and centralized activity guidance received during the formulation stage, as required in paragraphs 5d and 5f?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_

7 FORMULATION (Continued)

12. Has the OB been coordinated/reconciled with other budget/programming requirements (e.g., OMA budgets, Civil programs)?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
13. Are there monthly schedules of obligations and expenditures by individual offices?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
14. Is there a published local regulation or SOP covering the formulation and execution of the OB? If so, does the OB comply with those requirements?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
15. Is there a formally constituted PBAC and is it involved in the decision making process?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_

B. EXECUTION

1. Does the OB process provide timely feedback by element of resource and appropriation to each office (including the commander) on a monthly or as-needed basis?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
2. Do all projects have sufficient funds to finance all direct and indirect charges incurred to date and anticipated for the remainder of the year?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
3. Is the OB reviewed and updated throughout the fiscal year to reflect major changes in program?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
4. Periodically and at year-end, is the commander briefed on each organizational element's performance against its budget?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
5. Are managers held accountable for the execution of their budget?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
6. Were the targets and limitations listed in the operating budgets met (e.g., Total Labor Multiplier, S&A rate, P&D rate)?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_
7. Are any changes required for the next budget cycle to enhance execution? Review?  
YES\_\_\_ NO\_\_\_ N/A\_\_\_

ER 37-345-10  
Change 53  
XX XXX 98

ACCOUNT  
NUMBER

TITLE

purchase order costs must be charged against the revolving fund account just as S&A labor costs are charged.

j. Life Support Housing and Support Facilities. All amounts paid for support contracts and purchase orders for OCONUS life support housing and support facilities.

k. Preparation of As-Built Drawings. All contract charges for changing the record set of drawings in accordance with the primary contractors red line mark-up. Excludes in-house as built drawings.

l. Support Direct Labor. All government labor charges after award of the construction contract for services other than Engineering During Construction (EDC) and Supervision and Administration (S&A), such as turnkey design and built drawings.

2A200      Work Performed by Installation Engineer.

2A300      Contract Paid by Other Than USACE (Memo Placement).  
This cost account / work category includes the same type costs as recorded in cost account / work categories 2A100 and 2A200, however, the Corps of Engineers does not finance the construction contract with their carrier funds. The requesting agency, through use of a direct fund cite gives the Corps of Engineers authority to award a construction contract citing the requesting agency's fund on the contracting documents. To credit the Corps activity with the construction and to generate appropriate project S&A expense, memo placement is used to record contractor earnings.

2A400      Flat Rate S&A. Costs in this account / work category are system generated based on a flat rate percentage applied to costs accumulated in 2A100, 2A200 and

1/ Summary Cost Account/Work Category - Costs may not be charged directly to these accounts.



ACCOUNT  
NUMBER

TITLE

Engineers does not finance the construction contract with their carrier funds. The requesting agency, through use of a direct fund cite, gives the Corps of Engineers authority to award a construction contract citing the requesting agency's funds on the contracting documents. To credit the Corps activity memo placement is used to record the contractor earnings.

- 2B400      At Cost S&A. This cost account/work category includes all government costs related to the procurement and administration of a construction contract. The costs recorded in 2B400 replicate the kinds of expenses charged to the revolving fund S&A accounts. Detailed descriptions of services appropriately expensed as S&A costs are found in ER 415-1-16, chapter 2. This account also includes the initial investigation and documentation of AE liability and damages by Construction Division.
- 2C000      Engineering During Construction. This cost account / work category includes but is not limited to normal engineering support activities performed by the engineering division or an architect engineer firm as follows: designer site visits; review and submittal of shop drawings, which are an extension of design and those specifically requested by the designer; testing to verify design assumptions; designer's participation in commissioning of HVAC system; designer's participation in critical structural steel connections; preparation of design changes, revised drawings, and cost estimates. This work category includes all direct labor costs for preparation of as-built drawings performed in-house and for the investigation and pursuit of AE liability for potential damages incurred by the government. This will include administrative duties performed by the AE Responsibility Coordinator from inception of the case to resolution as well as technical staff review. Under no circumstance will the above costs be charged to the S&A accounts (RF65 and RF66 work items). AE performance of S&A services should be charged to S&A.

1/ Summary Cost Account/Work Category - Costs may not be charged directly to these accounts.

## GUIDANCE TO THE FIELD FOR PAYMENT OF CIVILIAN INJURY AND ILLNESS COMPENSATION COSTS (CIIC)

1. The Federal Employees' Compensation Act provides that qualifying employees who sustain job related injury or illness may receive compensation while unable to work. Civilian Injury and Illness Compensation (CIIC) costs, which can include medical and/or salary compensation, are paid by the Department of Labor (DOL) for all government agencies. In turn, approximately 16 months after the period covered, DOL seeks reimbursement from the agencies whose employees received such compensation. The DOL payment year runs from 1 July through 30 June; therefore, the bill due for FY98 covers payments made through 30 June 1996; the bill due for FY99 will cover payments made through 30 June 1997, and so on.
2. Prior to FY 94, the entire USACE CIIC bill was paid from the Construction General appropriation, 96 x 3122. In FY 94 at HQDA's directive, payment of the military (i.e. non-civil works portion) of the CIIC bill due was billed to the district, HQMSC, laboratory, separate FOA or HQUSACE level associated with the compensated employee at the time of the disabling injury or illness. The portion of the bill associated with civil works appropriations continues to be paid centrally.
3. A Civilian Resource Conservation Information System (CRCIS) Installation SON Detail Report is available to Corps Safety or Human Resources Offices on a quarterly basis. This report lists the names and CIIC for all persons determined by DOL to be USACE employees. It is expected that a regular review by the FOA of the quarterly reports is conducted. The 4th Quarter report that is the basis for the USACE CIIC bill due in FY99 was mailed to MSC's, Laboratories, and Centers, 28 October 1997 and thus should already have been reviewed and corrected by 2 January 1998. The Corps bill is "due as rendered" by DOL. Corrections internal to the Corps should have been identified. Likewise, corrections for erroneous billings to the Corps should have been requested.
4. In preparation for the payment of the CIIC bill due in FY 99, each FOA is asked to annotate the individual names on 4th Qtr SON Report (30 June 1997) by the four digit appropriation code (e. g., 2020, 2040, 3122, 3123, etc.) which best represented the source of funding for the project or activity on which the employee was working at the time of the disabling incident. Individuals who were charged to overhead accounts are to be identified as Distributive (DIST): DIST (Military), or DIST (Civil), or DIST (Both). For those individuals on reimbursable work, records are to be identified by the carrier appropriation used. Those organizations who show "unknown" or "unidentifiable" records on their SON Detail Reports must treat these cases as part of the most appropriate Military or Civil appropriation/category under which CIIC cases were identified for their organizations. (Note: these records may in some cases be errors; therefore, FOA action should be taken through the HQUSACE Chief of Safety [CESO] as indicated in paragraph 3.)
5. For the purpose of establishing how much of the organizations's DIST (Both) bill should be

paid out of Military as opposed to Civil Funds, a mathematical relationship should be established between the total CIIC compensations made to employees associated with Military appropriations and the total of all other CIIC compensations to the organization. The percentage derived is then spread against the total amount determined to be DIST (Both) by the organization. The value derived is the portion that should be paid out of Military funds. An example is provided below:

**SAMPLE CIIC DATA FOR AN FOA:**

<u>Appropriation</u>	<u>Total Compensation</u>
2020	1,014.53
2050	5,000.27
DIST (Mil)	887.14
3122	10,111.55
3123	15,444.45
DIST (Civil)	5,000.00
DIST (Both)	1,000.00

To determine the Military portion of the DIST (BOTH) costs:

- a. Calculate the percentage of the Military CIIC costs to all other CIIC costs for the FOA.

$$\begin{aligned}
 & \frac{\text{Military+ Distributed (Mil)}}{\text{Military + DIST (Mil) + Civil + DIST (Civil)}} = \text{xx.xx \%} \\
 & = \frac{1,014.35 + 5,000.27 + 887.14}{1,014.35 + 5,000.27 + 887.14 + 10,111.55 + 15,444.45 + 5,000} = \text{xx.xx \%} \\
 & = \frac{6,901.94}{37,457.94} = 18.43 \%
 \end{aligned}$$

- b. Determine the portion of the DIST (Both) attributable to military appropriations by multiplying the DIST (Both) compensations by this percentage.

(From the example:  $1,000 \times 18.43 \% = 184.30$  )

- c. Thus, total military payment due in this case is:

$$\$6,901.94 + 184.30 = \$7,086.24$$

6. During the 4th Quarter FY 98, CERM-BE will provide a summary listing by FOA of total

CIIC compensations received (for the period 1 July 1996 through 30 June 1997), the period for which DOL will seek reimbursement in FY 99. Using the methods indicated in paragraphs 4 and 5 above, consolidated reports are to be provided to CERM-BE by each MSC, Laboratory, or separate FOA.

7. Payment of the portion of the CIIC Bill due in FY 99 for those cases chargeable to Military appropriations only is to be made in the first Quarter of FY 99 via CEFMS (government order payable to HQUSACE). Description is to be "For reimbursement to DOL for the portion of the USACE CIIC bill due to be paid in FY 99". The Accounting Classification for the office receiving the fund is to be suspense account : 21x6875.000 Debtor Code : CEHQ. (This is a special suspense account set up to collect CIIC payments ). This information must be included to assure proper identification of the funds provided.

8. CIIC payments are to be mailed to:  
US Army Corps of Engineers  
HECSA  
ATTN: CEHEC-RM-F  
7701 Telegraph Road  
Alexandria, VA 22315-3860

RE: CIIC

9. CERM-BE POC for payment of the CIIC bill due in FY 99 is Deborah Woods ,  
202-761-8794.

**SUBJECT: INFORMATION PAPER – Application of Military Supervision and Administration (S&A) Flat Rates**

1. **PURPOSE:** The purpose of this paper is to provide guidance on the appropriate military S&A flat rates to be used for military construction, maintenance and repair, and environmental work performed by the Corps of Engineers. It also addresses situations where the military S&A flat rates are not applicable.

2. **RECOMMENDED USE:** This document is to be used by all military FOAs.

3. **REFERENCES:**

- a. CEMP-RI Memorandum dated 23 July 1996, Subject: FY 97 Program Management Policy for Reimbursable Orders Involving Environmental Programs.
- b. CERM-P/CEMP-RA Memorandum dated 25 November 1997, Subject: Clarifying Policy on Use of Operations and Maintenance (O&M) Defense Environmental Restoration Program (DERP) Flat Rate
- c. Listing of Environmental/BRAC Appropriations and Applicable Flat Rates (Updated 19 December 1997).
- d. DFAS-IN Manual 37-100-XX (<http://www.asafm.army.mil/frame1.htm>)
- e. Air Force Manual 65-604 (<http://afpubs.hq.af.mil/elec-products/pubs-pages/65-pubs.html>)
- f. CERM-B Memorandum dated 23 October 1996, Subject: Carryover S&A.

4. **INFORMATION:**

a. The attached enclosure contains a listing of the major appropriations, associated Army Management Structure (AMS) or Budget Activity (BA) codes, and applicable S&A flat rates or "At-Cost" procedures for work received by the Corps of Engineers. It also includes information on the applicability of the S&A Carryover legislation to specific appropriations. While the listing may not be all-inclusive, it is believed to address most military appropriations.

b. Funding is received through one of three mechanisms: either by Funding Authorization Document (FAD) directly from HQUSACE; on a reimbursable basis or direct cite by Military Interdepartmental Purchase Request (MIPR); or customer letter authorizing direct cite of customer's funds (e.g., NAF). Reimbursable funding received by MIPR or letter is entered into CEFMS as a Customer Order, using the source appropriation information cited on the MIPR or 'NA' for Non-Appropriated Fund. In addition, when reimbursable customer orders are recorded, CEFMS requires a financing (or carrier) appropriation to be entered for each order. Customer Orders received for environmental work are carried under a financing appropriation of '21Y2020' (see Ref 3a.). Environmental work includes restoration, compliance, conservation, and pollution prevention. The general rule for non-environmental customer orders is that the orders should be financed with the appropriation that most closely resembles the work to be performed.

c. CEFMS is programmed to apply the appropriate flat rate based on the source appropriation, limitation, and AMS/Budget Activity Code. CEFMS compares the source appropriation, limitation, and AMS/BA code on the Customer Order Source information screen (2.13.9), or the FAD program for direct funds, against the information contained in the Supervision and Administration Rate Maintenance Screen

SUBJECT: INFORMATION PAPER – Application of Military Supervision and Administration (S&A)  
Flat Rates

(10.96). If a match is found between the source information and the information on the 10.96 screen, then the S&A rate reflected in the 10.96 table is applied. For example, environmental BRAC funds must be matched at the appropriation limitation and AMS level in Table 10.96. If there is not an exact match, the system will default to the rate authorized for the appropriation symbol only. Therefore, it is important that the HQ's maintained Table 10.96 is updated to add new AMS/Program and Limitation information to ensure the correct S&A flat rate is applied. Notify CERM-P, Susan Turek, at 202-761-1860 to coordinate additions to the Super Admin Rate Table.

d. Funding Account Status Screen (3.5) reflects appropriation and S&A rate information for each direct funded account or customer order. The appropriation for direct funded accounts is indicated on the 'Appropriation' field on Screen 3.5. However, the 'Appropriation' field for Customer Orders on Screen 3.5 reflects the "financing" (i.e., carrier) appropriation and management structure account. The 'Src Approp' field reflects only the source appropriation, but not AMS Code/Budget activity, of the customer order. Therefore, to view the entire source appropriation information used in determining the appropriate S&A rate for a Customer Order, the following steps can be taken:

CEFMS Main Menu:

Enter 3 Financial Mgt.  
Enter 5 Financial Mgt.  
Enter 3 Funding  
Enter 4 Customer Order  
Enter 8 View  
Select Customer Order  
Control/ F1  
Control/ F3  
Page Down.

The source appropriation and management structure code can then be compared to the appropriation information reflected on the enclosed worksheet. The CEFMS Supervision and Administration Rate Table (10.96) should also reflect the appropriate flat rates that will be generated.

e. To prevent reporting errors on the Military S&A report (SA95 report), Work Category Code 73100 must be used for all construction projects that are authorized the O&M DERP S&A flat rate. Work Category Code 2A100 should be used for all other military construction projects authorized at the S&A flat rates, while 2B100 will be used for all military construction performed "at-cost".

f. The AMS/Program/Budget Activity codes on Customer Orders received from DOD installations represent descriptions of the various missions/programs of the Department of Defense. The AMS codes reflected on Customer Orders received from Army installations have a more consistent structure than on Customer Orders received from Dept. of Air Force, Navy, or other DOD agencies. For instance, the Army AMS codes have a common code in the fifth and sixth positions that identifies environmental work as follows:

Environmental Compliance is identified by \*\*\*\*56  
Environmental Conservation is identified by \*\*\*\*53  
Pollution Prevention is identified by \*\*\*\*54.

CERM-P

7 July 1998

SUBJECT: INFORMATION PAPER – Application of Military Supervision and Administration (S&A)  
Flat Rates

*Customer Orders received from other DOD agencies may not reflect complete information for the order to be identified as environmental. This could cause an incorrect financing appropriation to be selected, or more importantly in the case of restoration work, an incorrect S&A rate to be applied.*

g. The attached table displays source and financing appropriations, appropriation limitation, S&A Carryover indicator, appropriate DERP, O&M, and MILCON flat rates, as well as work performed "at-cost". Additionally, the appropriate construction work category codes are listed. Emphasis is placed on environmental work to assist in distinguishing between restoration work which is performed at the DERP rate, and compliance, conservation and pollution prevention work performed at the O&M rate.

Katherine S. Thompson  
Chief, Business Practices & Program Evaluation Division  
Deputy Chief of Staff, Resource Management

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APPROPRIATIONS WITH APPLICABLE FLAT RATES and APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		S&A Carryover Law Applies	O&M DERP 8.0% CONUS		O&M 6.5% CONUS			MILCON 5.7% CONUS		AT COST	
	Source	Financing		AMS/Program/Budget Activity Restoration	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/Budget Activity Pollution Prevention	AMS/Program/Budget Activity Non-Envir.	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/Budget Activity Const. Work Category Code
DEPT. OF NAVY (17)												
Operation & Maintenance, Marine Corps	1106	2020/2050	Yes				All	2A100				
Operation & Maintenance, Marine Reserves	1107	2020/2050	Yes				All	2A100				
Procurement Marine Corps	1109	2050							All	2A100		
Military Construction, Navy	1205	2050							All	2A100		
Military Construction, Naval Reserve	1235	2050							All	2A100		
Research, Development, Test and Evaluation	1319	2020/2040/2050					All	2A100				
Aircraft Procurement	1506	2050							All	2A100		
Weapons Procurement	1507	2050							All	2A100		
Shipbuilding & Conversion	1611	2050							All	2A100		
Operation & Maintenance, Navy	1804	2020/2050	Yes				All	2A100				
Operation & Maintenance, Naval Reserve	1806	2020/2050	Yes				All	2A100				
Other Procurement, Navy	1810	2020/2050					All	2A100				
Navy Management Fund	3980	2050							All	2A100		
Family Housing Construction	7030	2050							All	2A100		



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APPROPRIATIONS WITH APPLICABLE FLAT RATES and APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		S&A Carryover Law Applies	O&M DERP 8.0% CONUS		O&M 6.3% CONUS			MILCON 5.7% CONUS		AT COST	
	Source	Financing		Restoration	AMS/Program/Budget Activity Const. Work Category Code	Compliance	Conservation	Pollution Prevention	Non-Envir.	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/ Budget Activity Const. Work Category Code	AMS/Program/ Const. Work Category Code
Family Housing, O&M	7035	2020							All	2A100		
DEPT. OF ARMY (21)	2020	2020	No	490008 * (FY 96 Prior)	73100							
	2020	2020	No	430008 * (FY 94-95)	73100							
	2020	2020	No	780008 * (FY 93 Prior)	73100							
	2020	2020	Yes			..... 56.	..... 53.	..... 54.		2A100		
Operation & Maintenance, Army	2020	2020/2050	Yes						All Other	2A100		
Aircraft Procurement, Army	2031	2050									P1	2A100
Missile Procurement, Army	2032	2050									P2	2A100
Procurement of Weapons & Tracked Combat Vehicles, Army	2033	2050									P3	2A100
Procurement of Ammunition, Army	2034	2050									P4	2A100
Other Procurement, Army	2035	2050							P5	2A100		
Research, Development, Test and Evaluation, Army	2040	2020/2050 2040				..... 56.	..... 53.	..... 54.		2A100 2A100		
Military Construction, Army	2050	2050							All Other		P1,P5,P8	2A100
Operation & Maintenance, Army National Guard	2065	2020	No	515000 *	73100							
	2065	2020	Yes									
	2065	2020/2050	Yes						All Other P	2A100 2A100		
Operation & Maintenance,	2080	2020	Yes			..... 56.	..... 53.	..... 54.		2A100		

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## APPROPRIATIONS WITH APPLICABLE FLAT RATES and APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		Limitation	S&A Carryover Law Applies	O&M DERP 8.0% CONUS		O&M 6.5% CONUS			MILCON 5.7% CONUS		AT COST	
	Source	Financing			Restoration	AMS/Program/Budget Activity Const. Work Category Code	Compliance	Conservation	Pollution Prevention	Non-Envir.	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/Budget Activity Const. Work Category Code	65% OCONUS
Army Reserve	2080	2020/2050		Yes						All Other P	2A100		
Military Construction, Army National Guard	2085	2050										P1,P6,P8 2A100	
Military Construction, Army Reserve	2086	2050										P1,P6,P8 2A100	
Military Construction, Army Family Housing	7020	2050										P1,P6,P8 2A100	
Operation & Maintenance, Army Family Housing	7025	2020					..... 8 (Not 191328)				2A100		
Operation & Maintenance, Army Family Housing	7025	2050								All Other P	2A100		
DEPT. OF AIR FORCE (57)													
Aircraft Procurement, Air Force	3010	2050										P1 2A100	
Procurement of Ammunition, AF	3011	2050										P3 2A100	
Missile Procurement, AF	3020	2050										P2 2A100	
Other Procurement, Air Force	3080	2050											
Military Construction, Air Force	3300	2050								P8	2A100		
Operation & Maintenance, Air Force	3400	2020		No	78008	73100	..... 56.	..... 54.	..... 53.			P32,P33,P34 2A100	
Operation & Maintenance, Air Force	3400	2020/2050		No	780081	73100				All Other	2A100		
Operation & Maintenance, Air Force	3400	2020/2050		Yes									

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Description	Appropriation Symbol		Limitation	S&A Carryover Law Applies	O&M DERP 8.0% CONUS		O&M 6.5% CONUS				MILCON 5.7% CONUS		AT COST	
	Source	Financing			AMS/Program/Budget Activity	Const. Work Category Code	AMS/Program/Budget Activity	Const. Work Category Code	Pollution Prevention	Non-Envir.	AMS/Program/Budget Activity	Const. Work Category Code	AMS/Program/Budget Activity	Const. Work Category Code
Research, Development, Test, and Evaluation, Air Force	3600	2020/2040/2050												
Military Construction, Air Force Reserve	3730	2050												
Operation & Maintenance, Air Force Reserve	3740	2020/2050		Yes										
Military Construction, Air National Guard	3830	2050												
Operation & Maintenance, Air National Guard	3840	2020/2050		Yes										
Air Force Management Fund	3960	2050												
Family Housing Construction, AF	7040	2050												
Family Housing Operation and Maintenance, Air Force	7045	2020/2050												
DEPT. OF DEFENSE (97)														
Operation & Maintenance, Defense	0100	2020		No										
	0100	2020/2050		Yes	FUDS*	73100								
ODD Base Closure Acct., Army	0103	2020	1		BA 60, 61, 62	73100								
ODD Base Closure Acct., Army	0103	2050	1											
ODD Base Closure Acct., Air Force	0103	2020	2		BA 7	73100								

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APPROPRIATIONS WITH APPLICABLE FLAT RATES AND APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		Limitation	SEA Carryover Law Applies	O&M DERP 8.0% CONUS		O&M 6.5% CONUS			MILCON 5.7% CONUS		AT COST	
	Source	Financing			Restoration	AMS/Program/Budget Activity Const. Work Category Code	Compliance	Conservation	Pollution Prevention	Non-Envir.	Const. Work Category Code	AMS/Program/Budget Activity Const. Work Category Code	AMS/Program/ Budget Activity Const. Work Category Code
DOD Base Closure Act., Air Force	0103	2050	2										
Office of Inspector General	0107	2020/2050											
Summer Olympics	0116	2020/2050											
Defense Health Program, O&M	0130	2020	18										
Defense Health Program, O&M	0130	2020/2050	18										
Real Property Maintenance, Del	0131	2020/2050											
Former Soviet Union Threat Reduction	0134	2020/2050		Yes									
Procurement, Defense	0300	2050											
National Guard & Reserve Equipment	0350	2050											
Chemical Agents & Munitions Destruction, Defense	0390	2050											
Research, Development, Test and Evaluation, Defense	0400	2020/2040/2050											
Development, Test and Evaluation	0450	2020/2040/2050											
Operational Test and Evaluation	0460	2020/2040/2050											
Military Construction, Defense	0500	2050											
DOD Base Closure Act., Army	0510	2020	1		BA 60, 61, 62	73100							
DOD Base Closure Act., Army	0510	2050	1										

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## APPROPRIATIONS WITH APPLICABLE FLAT RATES and APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		Limitation	S&A Carryover Law Applies	O&M DERP 8.0% CONUS 8.5% OCONUS		O&M 6.5% CONUS 8.0% OCONUS					MILCON 5.7% CONUS 6.5% OCONUS		AT COST	
	Source	Financing			AMS/Program/Budget Activity		AMS/Program/Budget Activity					AMS/Program/Budget Activity		AMS/Program/Budget Activity	
					Restoration	Const. Work Category Code	Compliance	Conservation	Pollution Prevention	Non-Envir.	Const. Work Category Code	AMS/Program/ Budget Activity	Const. Work Category Code	AMS/Program/ Budget Activity	Const. Work Category Code
DOD Base Closure Acct., Air Force	0510	2020	--- 2	Yes	BA 7	73100									
DOD Base Closure Acct., Air Force	0510	2050	--- 2									BA Not Equal 7	2A100		
North Atlantic Treaty Organization	0804	2050										All	2A100		
Quality of Life Enhancements Def	0839	2050										P1	2A100		
Homeowners Assistance Fund, Def	4090	2050									All	2A100			
National Defense Stockpile	4555	2020/2050									All	2A100			
Defense Working Capital Fund (formerly DBOF)	4930	2020					**** 56 *	**** 54 *	**** 53 *		2A100				
	4930	2020/2050								All Other	2A100				
Building Maintenance Fund	4931	2020/2050									All	2A100			
Pentagon Reservation Maintenance Revolving Fund	4950	2050										All	2A100		
Defense Emergency Response Fund	4965	2020/2050									All	2A100			
Disposal of DOD Real Property	5188	2020				205188	73100								
	5188	2020/2050									105188	2A100			
Lease of DOD Assets	5189	2020				205189	73100								
	5189	2020/2050									105189	2A100			
Dept of Defense Overseas Military Facility Investment Recovery Account	5193	2020/2050									All	2A100			
Army (21)															
Cemetary Expenses, Army	1805	2050												All	28100

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## APPROPRIATIONS WITH APPLICABLE FLAT RATES and APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		Limitation	S&A Carryover Law Applies	O&M DERP 8.0% CONUS 8.5% OCONUS		O&M 6.5% CONUS 8.0% OCONUS					MILCON 5.7% CONUS 6.5% OCONUS		AT COST	
	Source	Financing			AMS/Program/Budget Activity		AMS/Program/Budget Activity					AMS/Program/Budget Activity		AMS/Program/Budget Activity	
					Restoration	Const. Work Category Code	Compliance	Conservation	Pollution Prevention	Non-Envir.	Const. Work Category Code	AMS/Program/ Budget Activity	Const. Work Category Code	AMS/Program/ Budget Activity	Const. Work Category Code
Sales of Commissary Stores, Army	8420	2050											All	2B100	
Foreign Military Sales	1082	2050											All	2B100	
Defense (97)															
Sales of Commissary Stores	8164	2050											All	2B100	
Non-Appropriated Funds, Army/AF	NAF	2050											NA	2B100	
Military Construction for US Forces OCONUS, when funded by Host Nation	Various	2050											All	2B100	
National Security Agency	Various	2050											All	2B100	
Soldiers and Airmen's Home (84)	Various	2050											All	2B100	
NON-DOD FEDERAL AGENCIES*															
Dept of Education (91)	Various	2050											All	2B100	
Dept of Energy (89)	Various	2050											All	2B100	
Dept of Health & Human Services (75)	Various	2050											All	2B100	
Department of Housing and Urban Development (86)	Various	2050											All	2B100	
Dept of Interior (14)	Various	2050											All	2B100	
Dept of Justice (15)	Various	2050											All	2B100	

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APPROPRIATIONS WITH APPLICABLE FLAT RATES and APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		Limitation	S&A Carryover Law Applies	O&M DERP 8.0% CONUS		O&M 6.5% CONUS				MILCON 3.7% CONUS		AT COST	
	Source	Financing			AMS/Program/Budget Activity Restoration	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work	AMS/Program/Budget Activity Const. Work
Dept of Labor (16)	Various	2050											All	28100
Dept of State (19)	Various	2050											All	28100
Agency of Internatl Dev (72)	Various	2050											All	28100
Dept of Transportation (69)	Various	2050											All	28100
Dept of Treasury (20)	Various	2050											All	28100
Dept of Veterans Affairs (36)	Various	2050											All	28100
Environmental Protection Agency (68)	Various	2050											All	28100
General Services Administration (47)	Various	2050											All	28100
National Aeronautics and Space Administration (80)	Various	2050											All	28100
American Battle Monuments Commission (74)	Various	2050											All	28100
Federal Emergency Mgt Agency (58)	Various	2050											All	28100
National Archives & Records Admin (8	Various	2050											All	28100
United States Information Agency (67)	Various	2050											All	28100
United States Postal Service (90)	Various	2050											All	28100
Support of Other Cabinet-level Dept	Various	2050											All	28100
Dept of Commerce (13)	Various	2050											All	28100

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APPROPRIATIONS WITH APPLICABLE FLAT RATES and APPROPRIATIONS NOT SUBJ TO FLAT RATE

Description	Appropriation Symbol		Limitation	S&A Carryover Law Applies	O&M DERP 8.0% CONUS		O&M 6.5% CONUS				MILCON 5.7% CONUS		AT COST		
					8.5% OCONUS		8.0% OCONUS				6.5% OCONUS				
	Source	Financing			AMS/Program/Budget Activity	Const. Work	AMS/Program/Budget Activity	Pollution	Const. Work	AMS/Program/Budget Activity	Const. Work	AMS/Program/Budget Activity	Const. Work		
					Restoration	Category Code	Compliance	Conservation	Prevention	Non-Envir.	Category Code	Budget Activity	Category Code	Budget Activity	Category Code

\*Orders received by non-DOD federal agencies should be financed by appropriation "2050" only when the receiving organization does not have a civil works (non-revolving) carrier account.





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e. Work Order Work Categories, ENG Form 3012. Separate Work Order work categories will be maintained on ENG Form 3012 for each category of construction or rehabilitation work authorized in a work order. Columns are provided on this form for contractors' earnings or hired labor, Government furnished materials, construction facilities and indirect costs. If work within a work category is performed by more than one contractor, ENG Form 3012 may, at the discretion of the District Commander, be supplemented by ledger sheet, Form 17A (Costs) on which the blank columns could be utilized to record the earnings of each contractor. If a contractor performs work, the cost of which is chargeable to more than one work category the contractor's earnings will be allocated directly to the appropriate work category. In the case of work orders covering hired labor work, only one Work Order work category, ENG Form 3012, will be maintained, on which the blank column will be headed "Hired Labor".

f. Miscellaneous Cost Accounts, Form No. 17A (Costs), will be used to record work order costs for which columnar headings on ENG Form 3012 are not suitable, such as for: lands and damages, operation and ordinary maintenance, general investigations, general expense, acquisitions and retirements of nonexpendable Revolving Fund property, reimbursable work, and shop work.

#### 6-11. Labor Cost Accounting Procedures.

a. Time and labor cost reporting. (1) Forms. Labor includes the cost of all personal services of Government employees utilized for the accomplishment of an item of work. The source of all information regarding labor cost is the authorized daily or biweekly labor cost reports. Daily labor reports will be utilized for activities as the District Commander deems desirable. Employees Daily Labor Report, Form No. 1 (Costs), is for use in machine shops, boat yards, etc. Daily Labor Report No. 1A (Costs) is for use in other activities where a daily labor report is required. When daily labor reports are not required, biweekly time and attendance reports, such as ENG Forms Nos. 1300, 1300a, 1301 and 1301a, or biweekly labor cost report, ENG Form 1301-B, will be used. ENG Forms Nos. 1300 and 1300a are used for groups of employees where the time worked is chargeable to a limited number of generally unvarying cost accounts. ENG Forms Nos. 1301, 1301a, and 1301-B are used where personnel are engaged on numerous jobs during the period. When the prescribed daily or biweekly labor reports are used, it is also necessary to prepare, for payroll purposes, a biweekly time and attendance report covering the payroll period.

(2) Inspection. Where the daily labor report is used, field inspectors or timekeepers will make sufficient visits to the work each day to insure completeness and accuracy of the daily labor reports made out and submitted by foreman and others. For minor projects, frequent inspections of field records will be made by a representative from the district office, preferably a cost accountant. Without this assistance, foremen unacquainted with cost accounting methods may not be able to properly segregate and distribute the time to work performed under their direction and they should be instructed to cooperate to the fullest extent with such representatives in the proper keeping of records and rendition of reports.

(3) Units of time worked - Direct Charging Rule. The CEFMS Timekeeping system permits input of labor hours in 15 minute increments, as required for payroll purposes. Labor hours are costed to work items exactly as computed in the timekeeping system. Hours should be posted at the end of the day with cumulative time spent on each activity calculated as accurately as possible to the nearest 15 minute interval. Increments of time do not have to be consecutive to be charged to a single activity or project.

b. Methods of Determining Labor Cost Rates. Employees of division and district offices having civil or civil and military work will be paid initially from the Revolving Fund. The Labor and Payroll account will be charged with the gross earnings of these employees and credited with labor costs distributed. Labor costs applicable to civilian employees will be determined by one of the following methods:

(1) Actual Pay Method. Under this method, the labor cost rates are equivalent to the actual pay rates and the labor costs distributed for each pay period equal the amount of the gross earnings. This method is applicable to the services of (a) employees not entitled to annual or sick leave, (b) other employees entitled to leave with pay but who are transferred to district rolls for pay purposes only, e.g., AFRCE or for temporary purposes such as care and custody of excess military installations pending disposal, and (c) consultants. Government contributions (personnel benefits) for this class of employees will be handled as indicated in paragraph 7-22k(2).

(2) Effective Time Method. Under this method, the labor cost rates for the regular tour of duty consist of actual pay rates increased to include a factor for all leave with pay. Labor costs for night differential, overtime and holiday pay are computed at the actual pay rates. Government contributions

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(personnel benefits) for this class of employees will be handled as indicated in paragraph 7-22k(1). This method is applicable to the services of employees entitled to leave with pay except as provided in subparagraph (1) above. The effective time method provides the means to:

(a) Charge cost accounts for time actually worked at a rate which will absorb the amount of pay for annual and shore leave accrued, sick or other leave taken, holidays, administrative leave allowed, severance pay entitlement, and continuation pay for traumatic job-related injuries.

(b) Accumulate a balance in the Labor and Payroll account to approximate the monetary value of annual and shore leave due employees under the effective time method.

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b. Acquisition by Condemnation - Declaration of Taking (fee, easements and lesser interests) - at the time check is required to be drawn for the Clerk of the U.S. Court.

c. Acquisition by Condemnation - Complaint and Order of Possession without a Declaration of Taking (Fee, easements and lesser interests) - at the time check is required to be drawn for the Clerk of the U.S. District Court for settlement by stipulation or judgment.

d. Deficiency Judgment Payments - at the time the check, in satisfaction of the judgment is required to be drawn for the Clerk of the U. S. Court.

6-15. Accounting for Undistributed Items. a. General. It is obviously desirable, so far as possible, to make direct charges to the accounts for work components, so as to minimize the accumulation of undistributed items requiring later distribution on some equitable basis. This requires of the project manager a certain amount of discretion, as well as a thorough knowledge of the work in progress. The detail accounting treatments of distributive costs are discussed in Chapters 8, 16, 22, 24, 26, 30 and 31. Some of the items for which separate work items are prescribed are listed and discussed generally below:

- (1) Construction facilities.
- (2) Unapplied payments to contractors.
- (3) Operation and maintenance of construction facilities.
- (4) Operation and maintenance expense during construction.
- (5) Stocks of materials and supplies.
- (6) Unapplied advances for accrued costs.
- (7) Undistributed job-site labor.
- (8) District (general) overhead.
- (9) Area office overhead.
- (10) Project office overhead.

b. Construction facilities include such items as project-owned construction plant, tools and equipment; and project-owned temporary facilities required for construction of the project and normally disposed of following construction, including office buildings, shops, warehouses, storage yards, water works and sewage disposal and communications systems. A work item will be maintained for each item or group of like items of construction facilities, which will reflect the first cost, additions, retirements, accumulated depreciation and undepreciated value. A work item will be maintained for recording the costs of mobilization and demobilization of

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construction of additions, retirements, accumulated depreciation and plant, tools and equipment, the amortization thereof, and the unamortized balance; or a separate subaccount

work items the total estimated job-site labor costs accrued to the end of the month, such undistributed portion will be charged to "Undistributed Job-Site Labor" account. The estimated costs accrued to the end of the month and charged to either individual projects work items or to "Undistributed Job-Site Labor" work items are adjusted or cleared by deducting them from the actual labor costs summarized for the first full pay periods ending in the following month, as explained in paragraph 6-11f.

I. District Overhead Costs. General and Administrative Overhead and Departmental Overhead determined and distributed in accordance with Chapters 22 and 24, will be charged to all projects, including support for others projects (reimbursable work). District overhead billed to civil projects will be charged to the appropriate "Supervision and Administration" cost work category prescribed in Chapter 8.

j. Area/Resident Office Overhead Costs. Area/Resident Office overhead costs include all expenses of operating an area/resident office, which cannot be definitely and accurately allocated to specific items of work. Such costs will be distributed to the work supervised in accordance with the provisions of Chapter 26 and recorded in the appropriate "Supervision and Administration" cost work category as prescribed in Chapter 8.

k. Project Office Cost. Project Office costs are a part of the costs of "Supervision and Administration," and will be recorded in the appropriate "Supervision and Administration" cost work category prescribed in Chapter 8.

l. Insurance. Details concerning the Revolving Fund "Insurance" work item is contained in Chapter 15.

m. RESCINDED.

6-16. Safeguarding, Security Guards and/or Security Surveillance. The cost of safeguarding, security guards and/or security surveillance will be charged to the work item representing the work or real property being safeguarded. If the real property being safeguarded is a Revolving Fund owned shop, warehouse, building or facility, the costs of security guarding will be charged to the related asset operating account.

6-17. Payments to States from Grant Revenues. The portion of revenues derived from grants to be returned to the states will be recorded on an accrual basis as of 30 Sept each Fiscal Year in the prescribed work items for the applicable projects. Adjustment

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of accruals will be made as current fiscal year transactions at the time of receipt of disbursement voucher information furnished by the Chief of Engineers (see paragraph 4-9e of this regulation).

6-18. Accounting for Non-expenditure Transfers to Other Government Agencies. Funds transferred from Civil appropriations to other Government agencies as non-expenditure transfers (SF 1151) for district activities will be accounted for in accordance with para 5-11b.



d. Financial Reporting. Contingent liabilities will be reported on the Post-closing Trial Balance (Chapter 20). In addition, contingent liabilities applicable to the power purpose for multiple purpose projects with power will be disclosed by footnote on FPC Forms No. 1 (RCS FPC-1002). Footnote disclosure, detailed to show amounts applicable to each project purpose, will also be made on the Supplemental Statement of Assets and Liabilities submitted with FPC Forms No. 1 (ER 37-2-11).

e. Accounting for Claims Settled at HQUSACE/OCE or Higher Level. As stated above, the District Commander is informed by HQUSACE/OCE of disposition of such claims. Any resulting payments from project funds will be accounted for in the same manner as project fund claims settled at District or Division level. However, payments may be made from other than project funds, such as funds available to the Department of Justice or GAO. Such payments will be recorded in applicable project cost work items in accordance with pro forma entry, paragraph 2-22f(25). In some instances Court of Claims judgments may involve collection of monies due the Government under a counterclaim; while such collections are deposited to the US Treasury by Department of Justice, they should be credited to applicable project accounts with contra debit to GL 135.2.

6-24. GSA and Other Space Costs.

a. GSA space costs for each Corps field operating activity will be allocated to civil and military activities on the basis of the relative number of Full-Time Equivalent Work years (FTE) occupying GSA space. This allocation will be based on the number of FTE occupying GSA space at the beginning of each fiscal year.

(1). To calculate the distribution, compute the proportion of civil FTE to total FTE and military FTE to total FTE. Multiply the total rent cost by those proportions and allocate the resulting amounts to civil and military activities.

Example: Total Rent for District X = \$2.5M  
Total FTE for District X = 600  
Civil FTE = 420  $420/600 = 70\%$   $\$2.5M \times .70 =$   
\$1.75M  
Military FTE = 180  $180/600 = 30\%$   $\$2.5M \times .30 =$   
\$ .75M

(2). Personnel occupying space for which payment is not made to GSA (Floating Plant, Resident Office, Project Offices, Area Offices, etc.) will not, under any circumstances be included in the allocation of GSA space costs to civil and military

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activities. Civil space costs will be subsequently distributed to the organizational elements occupying the space based on the square feet occupied for ultimate distribution to Civil Works projects and programs. Distributions will include a proportionate share of common space, i.e. hallways, conference rooms, rest rooms, cafeterias, break areas, health care areas, parking lots, etc.

(3). To calculate the distribution of civil space costs, first determine the total amount of square footage occupied by the organizational elements to whom the cost is to be distributed (Factor A). Divide the total rent cost by the amount of square footage to determine the cost per square foot (Factor B). Determine the actual amount of square footage occupied exclusively by each organizational element for office, storage, conference room space, etc. (Factors C1, C2, C3. . .). All other space is termed "common space". Add Factors C1, C2, C3. . . and subtract the sum from the total amount of square footage (Factor A) to arrive at the square footage of common space (hallways, cafeteria, rest rooms, etc) (Factor D). Next determine the total number of civil FTE (Factor E) and the number of FTE assigned to each organizational element (Factors F1, F2, F3. . .). Calculate the amount of common space to be allocated to each organizational element by computing the proportion of each organizational element's FTE (Factors G1, G2, G3. . .) to the total square footage of common space (Factor D). Multiply the total common space (Factor D) by each proportion (Factors G1, G2, G3. . .) to arrive at each organizational element's share of common space (Factors H1, H2, H3. . .). Add the occupied space for each organization element (e.g., Factor C1) to the allocation of common space for that organizational element (e.g., H1) and multiply the result by the cost per square foot (Factor B). This is the amount to be charged to that organizational element.

Example: Total rent cost allocated to civil activities = \$1.75M

- (A) Total square footage = 75k
- (B) Cost per square foot = \$23.00
- (C1) Engineering occupies 33k square feet
- (C2) Construction occupies 16k square feet
- (C3) IM occupies 5k square feet
- Total occupied space = 54k
- (D) Total common space = 75k - 54k = 21k square feet
- (E) Total civil FTE = 420
- (F1) Engineering has 252 FTE
- (F2) Construction has 126 FTE
- (F3) IM has 42 FTE
- (G1) Proportion of Eng common = 60%
- (G2) Proportion of Const common = 30%

(G3) Proportion of IM common = 10%  
(H1) Common square footage distributed to Eng = 13k  
(H2) Common square footage distributed to Const = 6k  
(H3) Common square footage distributed to IM = 2k  
Rental Cost distributed to Eng (33k + 13k) X \$23.00 = \$1.06M  
Rental Cost distributed to Const (16k + 6k) X \$23.00 = \$.53M  
Rental Cost distributed to IM (5k + 2k) X \$23.00 = \$.16M

b. Leased space costs other than GSA leased space costs will be distributed to the organizational elements occupying the space based on the square feet occupied. Distributions will include a proportionate share of common space, i.e., hallways, conference rooms, rest rooms, cafeterias, break areas, health care areas, parking lots, etc. Distributions will be computed in the same manner as civil GSA space costs .

c. Costs for space in revolving fund owned buildings will be distributed to the organizational elements occupying the space based on the square feet occupied. Distributions will include a proportionate share of common space, i.e., hallways, conference rooms, rest rooms, cafeterias, break areas, health care areas, parking lots, etc. Distributions will be computed in the same manner as civil GSA space costs.

6-25. RESCINDED.

6-26. Human Resource (HR) Support Costs (See App. 6-I)

a. Costs incurred for HR support to or by an activity other than an MSC or HQUSACE will be charged to work items RF6005 (ch. 24, p. 24-2e) or RF5503 (ch. 16, p. 16-27z(2)) depending on the type of HR facility providing the services.

(1) Costs incurred by an activity other than an MSC or HQUSACE whose services are provided by an internal HR Office, another USACE command, a Consolidated HR Support Center (CPAC), or a regionalized HR Office (CPOC) (including CPOC bills) should be charged to RF6005.

(2) Costs incurred by a Consolidated HR Office/CPAC which provides HR services to its own command and at least one other command should be charged initially to RF5503 and then distributed to each supported command including its own. Costs distributed to its own command from RF5503 should be recorded in RF6005.

b. Costs at Headquarters or an MSC whose services are provided by an internal HR office, a regionalized HR Office

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(CPOC), another USACE command, or a Consolidated HR Support Center (CPAC) should be charged to the General Expense (GE) account and/or the Operations and Maintenance, Army (OMA) account using the following work categories, as appropriate:

	GE	OMA
MSC	2B200	92B00
HQ	1B300	91E00

6-26. Union Activities. Union activities ultimately benefit local commands as a whole, not only the members of the bargaining unit. Accordingly, the cost of all union activities, including union negotiations, will be recorded in the RF6021 work item and distributed as General and Administrative Overhead (Chapter 24, paragraph 24-2n).

6-27. Marketing/Outreach Programs. Like union negotiations, marketing and/or outreach programs ultimately benefit local command as a whole. Accordingly, all costs associated with these activities will be recorded in the RF6022 work item and distributed as General and Administrative Overhead (Chapter 24, paragraph 24-2o).

6-28. Pre-Placed Contracts. To be added.

6-29. Request/Approval for Cost Transfers (excluding labor and S&A). This section addresses cost transfers for areas other than labor and military supervision and administration. Procedures for labor cost transfers are described in para 7-5c, while military S&A cost transfers procedures are delineated in para 27-4f).

a. Cost transfers or corrections are not necessarily indicative of financial mismanagement. Honest mistakes and/or human errors in costing do occur even though extreme care is exercised when creating documents or recording costs. Use of cost transfers to correct these types of errors is both appropriate and warranted. Conversely, use of cost transfers to move costs between projects and/or Revolving Fund work items to mask funding shortfalls or to meet nominal balance requirements and/or to transfer legitimate General and Administrative Overhead costs to Departmental Overhead work items because the failure of a technical organization to meet direct labor projections created a deficit in the G&A work item is not only inappropriate but also violates multiple fiscal statutes and could ultimately result in an anti-deficiency act violation. Therefore, cost transfer must not be used for these purposes and/or must not be tolerated or

condoned at any level of command.

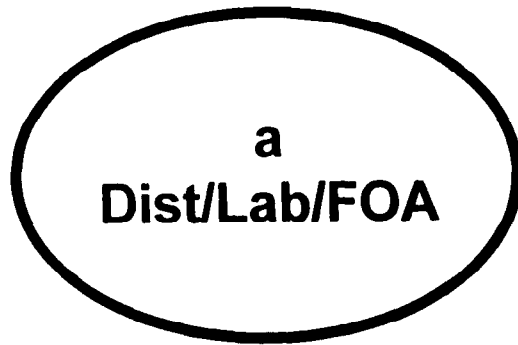
b. An example of an honest mistake and/or human error which should be corrected by cost transfer would be an employee selecting a wrong ordering or funded work item when creating a Purchase Request and commitment (PR&C). Another example would be selection of an incorrect work category code, resource code, or organization code when preparing the PR&C.

c. The responsibility for initiating a request for a non-labor cost transfer depends on the source of the error. For clerical errors involving such items as organization, work category or resource codes, the responsible employee would generally be the initiator of the PR&C. Transfers of costs from an incorrect work item to the correct work item should be initiated by the fund manager or analyst. The fund manager and analyst will work together to research the problem and determine the correct solution. This action must be completed promptly, within ten workdays from the date the error was first discovered or the end of the month, whichever occurs first.

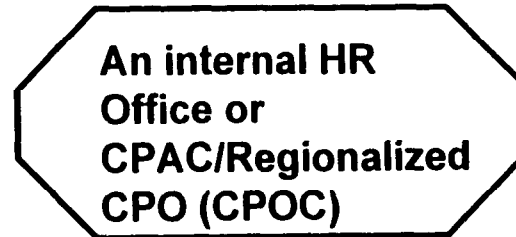
d. The initiator of the cost transfer must have cost transfer authority designated on the Access Control Screen (10.1) in CEFMS. This designated individual will query the account information to be "transferred from" on CEFMS screen 7.4.6 (Cost Transfer within FOA) and identify the amount to be transferred. The account information to be "transferred to" will be identified on CEFMS screen 7.4.6A with appropriate justification entered for the transfer.

e. The basic requirements outlined above may be expanded as deemed necessary to strengthen local internal controls and/or avoid possible statutory violations. In all cases, the district Resource Management Officer as well as the responsible division and office chiefs will monitor the transfer practices to uncover repetitive problems and/or trends, and take corrective action as appropriate.

If you incur costs as:



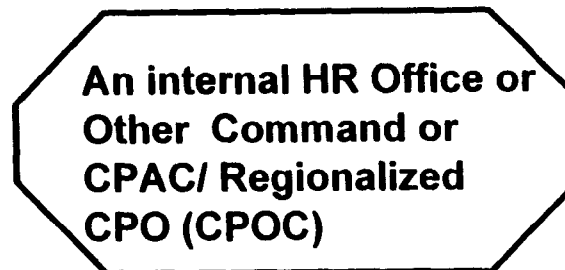
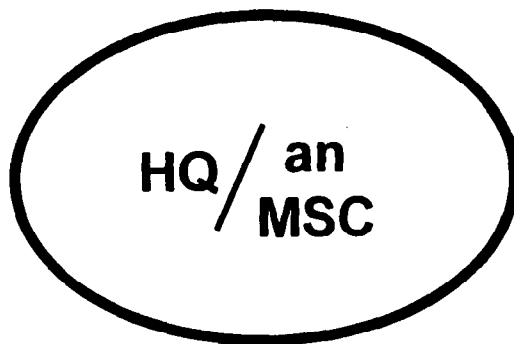
and your HR services  
are provided by:



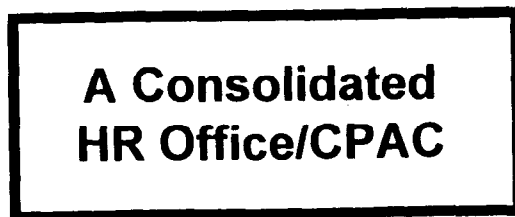
charge costs to:



If you incur costs as:



If you incur costs as:



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## CHAPTER 7

### LABOR COSTS AND LABOR COST CORRECTIONS

#### 7-1. General.

a. Purpose. This chapter prescribes the accounting policy and procedures as well as designates organizational responsibilities for recording labor costs and correcting labor errors. The objective is to insure that each Corps of Engineers team member understands the importance of correctly recording labor costs through the use of the CEFMS Timekeeping System.

b. Applicability. This chapter applies to all Corps of Engineers team members who initiate, process, review, or approve labor costing and labor cost corrections.

7-2. Managerial Policy. It is the policy of the Chief of Engineers to identify the recording of labor cost and to ensure fiscal performances are in performance standards for all work leaders, labor certifying supervisors, funds managers; i.e., project managers (PM), program managers, and division and staff/office chiefs. All Corps of Engineers team members should be aware of the impacts of financial errors to themselves and the Corps. Training in this area should be included in the 5-year Individual Development Plan for all team members responsible for labor cost management. Suggested training for every team member is Appropriations Law and Fiscal Law. Development of local policy, instruction and training are encouraged.

7-3. Statutory Limitation. Pursuant to the provisions of 31 USC 1301, labor hours actually worked on a specific project or reimbursable order must be costed and posted to that project or reimbursable order. Accordingly, legitimate labor costing errors must be promptly corrected using prescribed labor cost transfer procedures. Under no circumstances will labor hours actually worked on a specific project or reimbursable order be charged, transferred, or posted to another project or reimbursable order, a departmental overhead account, an area/resident office overhead account, a general and administrative overhead account, or a shop and facility account to:

- a. Mask cost overruns.
- b. Compensate for funding shortfalls.
- c. Avoid reprogramming actions.



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d. Eliminate or avoid credit balances in accounts resulting from posting of labor actually worked.

e. Clear or avoid labor rejects.

f. Mask potential anti-deficiency act violations.

g. Liquidate small balances in accounts funded with funds which will expire at the end of the current fiscal year.

h. Facilitate performance of work in advance of receipt of funds.

#### 7-4. Responsibilities.

a. Purpose. All Corps of Engineers team members are responsible for reporting accurate time and attendance information within the accounting system. This includes reporting accurate hours worked on specific projects. In addition, all Corps of Engineers team members are responsible for monitoring his or her costs within the limits set by work order requests or equivalent methods from his or her supervisor/team leader. When it becomes evident that an allocated time or budget is insufficient to complete an assigned task, it is the employee's responsibility to notify his or her supervisor at the earliest possible time so that the funding issue can be resolved.

b. Deputy Commander. The Deputy Commander is responsible for promptly reviewing, conducting inquiries, and determining further actions required where potential Anti-deficiency Act violations exist.

c. Division and Staff/Office Chiefs. Division and Staff/Office Chiefs are responsible for the overall funds management as delegated to them by the Resource Management Officer. These responsibilities may be re-delegated to a formally appointed designee. In addition, they are responsible for detecting repetitive problems or trends, strengthening internal controls, and emphasizing sound funds management and fiscal integrity.

d. Office of Counsel. Counsel is responsible for providing legal advice to all Corps of Engineers team members for any questions regarding potential Antideficiency Act violations. They will assist the Resource Management Officer and the appropriate Deputy Commander in investigating potential Antideficiency Act violations.

e. Resource Management Officers (RMO). RMO's are

responsible for ensuring that procedures outlined in this chapter of the regulation are in place and working. They are responsible for leading the effort to provide local training regarding project labor costing and fiscal responsibility. Likewise, the RMO's are responsible for notifying the Deputy Commander and initiating an investigation of a potential Antideficiency Act violation within the deadlines established in DFAS-IN 37-1, 7-3(a). The development of local policy (i.e. District Regulation, etc.) is a responsibility of the RMO.

f. Finance and Accounting Officers (F&A Officers). F&A Officers are responsible for ensuring that all valid financial transactions are properly processed into the accounting system. Their responsibilities include coordinating with fund managers and analysts to ensure that all dispute account transactions are promptly researched, corrected, and resubmitted identifying characters which indicate that the transaction is a labor cost transfer. F&A Officers or designated accounting experts (Section Chiefs) are responsible for reviewing requests for labor cost transfers to ensure that justifications are reasonable and properly approved and that valid labor cost transactions are properly processed into the accounting system. Also, F&A Officers will immediately notify the RMO of situations which have been identified as potential Antideficiency Act violations.

g. Program Managers. All program analysts, budget analysts and budget assistants will be referred to as "analysts." They are responsible for monitoring project execution and anticipating funding needs to avoid funds exhaustion. Analysts are responsible for monitoring projects to determine if funds are available and work category codes are valid. Fund managers and analysts will formulate a team effort to work with the F&A Officer or designated accounting expert to ensure that dispute account transactions are promptly resolved.

h. Fund Managers. Fund Managers by classification standards include project managers and program managers. They are responsible for the entire funds management processes, i.e., determining required tasks, assigning methods of accomplishment, preparing budgets and meeting financial reporting deadlines. Fund Managers will prepare work order requests or their equivalent to authorize work and to obligate and expend funds. In addition, Fund Managers will ensure that sufficient funding is recorded in the accounting system to cover the total estimated cost of issued work order requests or equivalent directions.

i. Supervisors/Team Leaders. All supervisors (including

team leaders) who are responsible for certification of CEFMS Timekeeping System labor costing must ensure that the assigned funds and hourly allocations are not exceeded. Also, they are responsible for initiating and approving appropriate labor cost corrections involving their team members. Detecting common problems or trends, initiating necessary corrective actions, and strengthening internal controls are also included as part of their responsibility. When it becomes evident that an allocation is insufficient to complete an assigned task, it is the supervisor's responsibility to request revisions to the authorized allocation from the appropriate fund managers. Supervisors are responsible for stopping work on a project prior to exhaustion of assigned funds.

j. Timekeepers. Timekeepers are responsible for accurately entering information into the CEFMS Timekeeping System and for promptly notifying their supervisors/team leaders of input problems.

#### 7-5. Procedures.

##### a. Costing Labor.

(1) Prior to the start of work, fund managers will coordinate with appropriate supervisors (including team leaders) to determine realistic project estimates, plus all direct and overhead (departmental, general and administrative, area office) costs. Also, included will be support costs for Architectural-Engineering contracts, construction contracts, and miscellaneous expenses including reproduction, travel, vehicles, facility charges such as visual information, and any other applicable costs. Fund managers must issue clear and concise work orders or equivalent instructions that reflect the scope of requested tasks and the fully burdened labor rate, including the hourly rate for each individual or an average rate for each section. Supervisors must ensure that funds allocated to them by the funds managers reflect negotiated estimates. Changes to work orders or their equivalents must be agreed upon by the supervisor and the fund managers. When the scope of work and the estimated costs are agreed upon, supervisors can assign tasks and time to team members.

(2) All team members must track time, attendance and labor information on a daily basis. Labor is recorded and cost determined based on the direct charging rule as discussed in chapter 6 of this regulation. Total time reported may be incurred incrementally throughout the day. When a team member works 15 minutes or more on a specific project, the labor for

that effort is charged directly to the project. Work time that is not directly related to a specific project is charged to the overhead or facility account.

(3) Team members and their supervisors will monitor costs and workload. Funds and hours spent on projects must not exceed the work order limit. Team members should review the workload periodically during their tasking. Whenever it first becomes evident that an allocation or time limit is insufficient to complete an assigned task, team members must notify their supervisor, who, in turn, will notify the fund manager(s). Supervisors may also detect funding problems by monitoring work and tracking funds using locally developed methods. Supervisors will coordinate with fund managers if the scope changes in any manner that will change the time or money expended in accomplishing the task. Supervisors will direct all team members to stop work on a project upon exhaustion of funds and notify fund managers that work is stopped until the funding issue is resolved.

(4) Fund managers and analysts will review available reports on status of funds to monitor funds availability for assigned projects. When a fund manager or analyst estimates that funds will not be sufficient to cover anticipated charges, the fund manager must take appropriate action to prevent an over obligation of funds. Possible action to preclude an over obligation may include requesting additional funds, reprogramming funds, or stopping work. Where funds are nearly exhausted prior to completion of a project, the fund managers will coordinate with the appropriate supervisors to ensure that work will be stopped until additional funds are obtained. No additional work shall be performed prior to receipt of appropriate funds.

(5) Team members must report the correct hours and work items to their timekeepers for entry into CEFMS Timekeeping System daily (preferred) or the day after. Timekeepers will accurately input information provided to them by team members and supervisors into the CEFMS Timekeeping System as soon as possible so that any problems may be adequately researched and solutions obtained. If timesheets are collected several days in advance, the timekeeper must allow for last minute changes. Timekeepers will not select another work item different from the work order without authorization and documentation from the supervisor.

(6) At the end of each pay period, and when early labor cutoffs are required, supervisors will certify the accuracy of hours and projects charged on CEFMS Timekeeping System labor reports by signing a certification statement. If an error in

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recording labor charges is detected prior to certification, the charge will be corrected by the responsible office in the CEFMS Timekeeping System. If, after certification, a correction is required only to change hours worked from regular time to leave, or to add overtime, the change may be submitted to the timekeeper for input using ENG Form 4091, which will cite the work item in the remarks section. If a change is required to correct a charge code a labor cost transfer must be processed.

b. **Dispute Account.** Generally, funding problems are first detected upon monitoring the CEFMS's dispute account reports. The F&A Officer or accounting expert will immediately notify the appropriate fund manager of the funding problem. Corrective action must be taken by the fund manager and forwarded to the F&A Officer or assigned accounting expert for input into the accounting system before the end of the accounting period. Increasing the in-house labor purchase request and commitment (PR&C), correcting the erroneous work item, and obtaining additional funds are examples of corrective actions. Within 10 calendar days after the reject listing date, or prior to the end of the month, whichever occurs first, the fund manager must formally notify the F&A Officer or accounting expert of the reason for the error and corrective action planned or underway.

c. **Request/Approval for Cost Transfers.**

(1) There are acceptable reasons for initiating a labor cost transfer request. Labor cost transfers or corrections are not necessarily indicative of financial mismanagement. A team member entering a wrong labor charge code on his or her time sheet or a timekeeper making a typing error while entering labor into the CEFMS Timekeeping System are examples of honest mistakes. A legitimate mischarge could also result from team members charging to inappropriate work items within the same project or by changes to prior estimates submitted to the timekeeper. Conversely, use of labor cost transfers to move costs between projects to mask funding shortfalls violates multiple statutes and could ultimately result in an anti-deficiency act violation. Therefore, labor cost transfers must not be used for these purposes and/or must not be tolerated or condoned at any level of the command.

(2) The responsibility for initiating a request for a labor cost transfer depends on the source of the mischarge. For clerical errors, the initiator may be the timekeeper, supervisor, or employee. Changes from a wrong labor charge code should be initiated by the fund manager or analyst. The fund manager, analyst, and supervisor will work together to research the

problem and determine the correct solution. This action must be completed promptly, within ten workdays from the date the error was first discovered or the end of the month, whichever occurs first.

(3) The initiator of the labor cost transfer must have designator authority in CEFMS. This designated individual will enter the request for the labor cost transfer into CEFMS identifying the fund manager, analyst and supervisor who jointly determined the need for the labor cost transfer. The request must also include a time frame, improper labor charge code, correct labor charge code, cost per resource code, organization code, number of hours to be adjusted, and the name of the team member involved.

(4) A supervisory signature noting approval is required to process a labor cost transfer. Supervisors are responsible for reviewing the labor cost transfer request and for ensuring that the transfers are appropriate before signing it is entered into CEFMS and signed electronically. Cost records will not be updated until a successful electronic signature is obtained. Inappropriate or incomplete labor cost transfer requests will be returned to the originator for necessary action.

(5) The requirements outlined above may be expanded as deemed necessary to strengthen local internal controls. One example of an expanded local requirement is to maintain written documentation of the cost transfer transaction to include hand written signatures of parties authorizing the labor cost transfer.

(6) In all cases, the district Resource Management Officer as well as the division and office chiefs will monitor labor cost transfer practices to uncover repetitive problems and/or trends, and take corrective action.

7-6. Other Pertinent Information. CEFMS on-line documentation is available for review purposes.



## CHAPTER 9

### APPROPRIATION REIMBURSEMENT ACTIVITY

9-1 General. General policy and budgeting and funding procedures for appropriation reimbursement activity are provided in Volume 11A, DOD 7000.14-R, DOD Financial Management Regulation, and DFAS-IN Regulation 37-1. This chapter provides accounting treatment for amounts included in allotments (or Approved Operating Budgets (AOB) for O&MA) to finance automatic orders received, reimbursements earned, and reimbursements collected.

9-2 Automatic Reimbursable Authority. Accept orders on a reimbursable basis only if the funding document for the appropriation to be used to finance the work provides this authority. Accept orders in the appropriation which most closely resembles the source appropriation as to purpose and time, e.g., O&M-type military customer orders should be accepted in a one-year military O&M appropriation if that appropriation is available to the performing activity via a funding document.

a. Performing activities should verify the completeness and propriety of customers' source appropriation before accepting an order, to ensure that the order is consistent with the cited fund's purpose, time, and availability.

b. Customer orders should specify the project completion date in the remarks section of the order. Project completion date may or may not be the same as the expiration date for the customer's cited funds.

c. Do not use one military appropriation as a carrier account for all military reimbursable orders if more than one military appropriation is available to the performing activity.

9-3 Economy Act Orders. An Economy Act order is an inter-agency acquisition procedure by which a Federal Government agency or activity requiring supplies or services (the customer) obtains them from another Federal Government activity (the performer). Economy Act orders received from DoD components, including the military services, Office of the Secretary of Defense, and



Defense agencies, must be accepted as direct fund citation, or direct cite, orders unless in-house costs are to be charged or delivery of ordered goods or services is from existing inventory or diversion from an existing contract.

a. Direct fund cite Military Interdepartmental Purchase Requests (MIPRs) can only be accepted by the district/activity which actually performs the work by executing and administering a contract or other purchase instrument. On receipt of an order accepted as a direct fund cite, performing activities will not further reissue those funds to another Federal government agency/activity without notifying the customer for approval.

b. The customer's servicing accounting office should normally be designated as the paying finance and accounting activity for all contracts and other purchase instruments issued against the direct fund cite order.

c. Contracts and other obligation documents citing the customers' direct funds must be promptly forwarded to the ordering activities so that they can timely record obligations in their accounting records.

d. Ordering activities must provide a separate MIPR for the performing activity's in-house costs such as supervision and administration, direct charged labor, and overhead. These MIPRs will normally be accepted by the USACE activity performing the majority of the in-house work. MIPRs for in-house costs are recorded as automatic reimbursable customer orders. Performing activities may transfer, or broker, all or a portion of the reimbursable MIPR to another USACE activity or DoD entity/component for execution support. These subsequent, or third party, MIPRs must include the original source of funding in the description field of the DD Form 448 to ensure that the appropriation rules for that original fund cite apply throughout execution of the order.

9-4 Project Orders. A project order is a specific and definite order issued under the authority contained in 41 U.S.C. 23 for the manufacture of materials, supplies, and equipment, or for other work or services performed in house, when the ordering and performing activity are separately financed. Project orders are performed on a reimbursable basis only, and are not subject to execution on direct citation of funds. See ER 37-1-26 for detailed guidance on project orders.

9-5 Financing Orders Received. Obligational authority to finance

performance of orders received is provided through receipt and acceptance of the reimbursable orders themselves. The DD Form 448, Military Interdepartmental Purchase Request, is normally used to document customer orders received. Other acceptable reimbursable order documents are described in DFAS-IN Regulation 37-1.

9-6 Reimbursements Earned. Reimbursements earned are costs incurred in the completion of reimbursable customer orders by the performing activity. Since earnings are used as the basis for billing customers, USACE performing activities must ensure that accruals and expenditures against these orders are timely and accurately recorded.

9-7 Billing Procedures. Performing activities will bill customers at least once a month for goods or services rendered. Bills for DoD customers will be processed as self-reimbursement (no check drawn) transactions through the Defense Finance and Accounting Service Transaction for/by Others and Cross-Disbursing systems. Billings need not be precertified by the customer prior to self-reimbursement. Do not mail billings (DA Forms 4445-R or SF 1080) to DoD customers for payment.

9-8 Fiscal Year End Procedures. Reimbursable orders will be adjusted at the end of each fiscal year IAW Table 28-2, DFAS-IN Regulation 37-1.

9-8 Supervision and Administration (S&A) Carryover.

a Beginning in FY 97 via Section 8119 of the FY97 Defense Appropriation Act (Public Law 104-208), certain funds can be obligated for S&A upon the performer's acceptance of the reimbursable Economy Act order (including amendments) for design and/or construction of real property, including maintenance and repair thereof. The performing organization must intend to contract out that design or construction to private sector firms. Under this carryover provision, S&A costs include all in-house government costs.

b. This authority is annual in nature and use of it, therefore, depends on the passage of the enabling legislation. Thus, in FY98, the controlling authority is Section 8093 of P.L. 105-56.

c. The S&A carryover provision will usually just apply to military Operations and Maintenance funds; U. S. Court of Appeals

for the Armed Forces, Overseas Contingency Operations Transfer Fund; Overseas Humanitarian, Disaster, and Civil Aid; Former Soviet Union Threat Reduction; and Quality of Life Enhancements, Defense (QOLED).

d. Upon acceptance of a reimbursable order, and any amendments thereto, that comply with the above criteria, commanders will annotate the customer's copy of the acceptance with the statement, "This order is accepted under the provisions of 31 USC 1535 and Section (enter appropriate section number) of P. L. (enter appropriate enabling P.L. number)."

e. For design orders, commit or obligate the full estimated value of in-house costs to be incurred against the order. For construction orders, obligate the full estimated value of in-house costs to be incurred against the order. Adjust the commitment/obligation periodically to reflect the current work estimate (CWE) for the order. At the end of the first FY, obligate the balance of any commitments. Funds remain obligated until completion or termination of the reimbursable order.

f. Funds for contingencies cannot be carried over to subsequent fiscal years as unliquidated obligations.



## CHAPTER 16

### REVOLVING FUND ACCOUNTING FOR SHOP AND FACILITY SERVICES

16-1. Purpose. This chapter prescribes the accounting policy and procedures for the operation of Shop and Facility Services.

16-2. General.

a. This category of work items (RF30 thru RF59) is used to record the operation of shops and yards, laboratories, garages, motor pool, survey parties, automation, centralized support centers, and other such facilities. Expenses charged to these work items include labor, materials and supplies, depreciation, equipment usage, insurance, acquisition of non-accountable tools, etc. Establishing these work items provides a means for analysis of workload efficiency of operation and surplus or deficit of each individual facility.

b. Reimbursement Policies. Income derived from shop and facility activities should cover all costs incurred in operation of the activity. When predetermined rates for cost distribution of shop and facility activities are used, such rates are set to obtain a zero balance in each shop or facility account. Except in those instances in which specific distribution methods are mandated for specific work items/series of work items elsewhere in this chapter, subordinate commands may use any of the methods listed below to distribute the cost of shop and facility services. However, once a distribution method for a shop or facility is selected, it must be uniformly applied to all customers. Subordinate commands may not vary distribution methods for the same shop or facility service to accommodate customer desires or the customer's ability/willingness to pay for the service based on the established distribution method.

(1) Direct Charge Method. The direct charge method provides for automatic cost distribution where the direct costs charged to a revolving fund facility are simultaneously charged to the ultimate charge (civil, military, or other revolving fund) work item. The indirect costs of the facility or functional work item are distributed on a predetermined rate applied to direct labor charges. In this case the job records are accumulated only in the work item ultimately charged.

(2) Standard Rate Method. The standard rate method is a procedure where all operating expenses of a plant/facility

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work item are distributed (charged) to projects or customers on a standard (predetermined) rate basis. It involves the establishment of work units (mileage, hours, days, etc.) and a standard unit rate. Upon input of data and application of that rate to the usage or units reported, the extended dollar amounts will recoup total expenses of the operating work item. Rates are determined on an estimated basis and require frequent reviews of usage data, rates, and account balances to insure a near zero or nominal balance by year end.

(3) Job Order Method. The job order method is a procedure whereby costs are simultaneously recorded in the appropriate facility work item on the F&A data base and charged to the specific job order account established on a subsidiary file. When the billing option is exercised, system transactions are automatically created to distribute unbilled amounts from the subsidiary file. The Revolving Fund records contain a separate job record of costs independent of the account ultimately charged.

(4) Actual Cost Method. The actual cost method is a procedure whereby the cost of a given type of service (printing, CEAP-IA, GSA furnished supplies, consolidated procurements, etc.) is distributed to specific projects, programs, organization work items, and/or shops and facilities based on the actual cost shown on a consolidated invoice. Under this method, the total amount of a consolidated invoice is initially paid out of a single work item. After the invoice is paid, costs are distributed to specific projects, programs, organizational elements, shops and facilities at the actual cost of the items/services received as evidenced by the invoice, billing detail files/documents, purchase requests or other supporting documentation.

(5) Other. In those instances in which costs cannot be economically and/or effectively distributed using one of the standard methods discussed above, any distribution method which meets the normal accounting standards for reasonableness, fairness, equality and consistency may be used to distribute shop and facility services unless a specific method of distribution is specified elsewhere in this chapter. However, all locally devised distribution methods must be approved by the budget review board during the operating budget review/approval process.

#### 16-3. Pro-forma Entries - Shop & Facility Services.

- a. Distribution to Other Revolving Fund Accounts - Joint Cost Credits (JCC)

DR: 6% Operating Expenses  
CR: 6100.30 JCC Intra Fund Sales

b. Sale to Civil Works

DR: 1011.00 Funds Collected (no-check transfer)  
CR: 5200.22 Sales SVC - Civil Works

c. Sale to Military Appropriations

DR: 1311.11 Accounts Receivable - Intra District\_Curr  
CR: 5200.23 Sales SVC - Other Army

d. Inventory (Cupboard Stock) Transfer - (end of period)

DR: 1511.00 Operating Materials and Supplies Held for Use  
CR: 6121.00 Supplies and Materials  
CEFMS transaction type ASX, accounting phase code T2M

e. Reversal of Cupboard Stock Transfer - (beginning of subsequent period)

DR: 6121.00 Supplies and Materials  
CR: 1511.00 Operating Materials and Supplies Held  
for Use  
CEFMS transaction type ASX, accounting phase code T2N

16-4. General Ledger Accounts.

a. GLAC 3318.10 - Results from Operations. Operating balances (expense less income) are closed into this account at the end of each fiscal year.

b. GLAC 5000 Series - Revenues. Represents income from sales of goods or services performed in the Revolving Fund.

GLAC 5100.10 Revenue from Goods Sold - Public

GLAC 5100.21 Revenue from Goods Sold - Intra-  
Revolving Fund

GLAC 5100.22 Revenue from Goods Sold - Civil Works

GLAC 5100.23 Revenue from Goods Sold - Other Army

GLAC 5100.30 Revenue from Goods Sold - Government -  
Non-Army

GLAC 5200.10 Revenue from Services Provided - Public

GLAC 5200.21 Revenue from Services Provided - Intra-  
Revolving Fund

GLAC 5200.22 Revenue from Services Provided - Civil

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GLAC 5200.23 Revenue from Services Provided - Other Army  
GLAC 5200.30 Revenue from Services Provided - Government  
- Non-Army

c. GLAC 6000 Series - Operating Expenses. Reflects the operating expenses and joint cost credits.

16-5. Subsidiary Work Items. Subsidiary work items for shops and facilities will be maintained as follows.

a. RF30 - Reserved.

b. RF31 - CEAP-IA Operations. This work item is used by HQUSACE to record and distribute all direct and indirect operating costs of the Corps' central, integrated, computer infrastructure (CEAP-IA). It includes the cost of running the two processing centers, the costs of operating the CEAP-IA program management/program support office, and amortization of initial acquisition and implementation costs. CEAP operating costs generated at the processing centers are initially recorded in RF3102 and billed to RF3101. CEHEC does the accounting for the HQUSACE central account and records the processing centers' billings along with CEAP cost originating at HQUSACE and the CEHEC in RF3101XX and then transfers these expenses to the reimbursable account (RF8126) for billing to CEAP customers. CEAP customers initially record these bills in the RF3902 work item to facilitate rapid payment of the billings and then distribute the billed costs to the users as discussed in paragraph 16-5j.

c. RF32 - Visual Information (VI). This work item is used to record and distribute costs related to the use of sound and visual material or processes to communicate information. This function includes the supervision of photographic, motion picture, television, audio, compact disk technology, graphic art (still photography, satellite final products, and Desk Top publishing), VI library, VI instruction, VI consulting, and presentation. Costs are also recorded for graphic arts and audiovisual productions.

d. RF33 - Reserved.

e. RF34 - GSA Rents - USACE Finance Center (CEFC) only. This work item is used to record and distribute the cost of GSA rents paid centrally by CEFC on behalf of all USACE Commands. Collections from USACE commands for GSA rental payments made on their behalf by CEFC are credited to this account. USACE



commands will initially record rent costs billed to them by CEFC in the RF3901 to facilitate rapid payment of the billing and then distribute the costs to the occupants of the space in accordance with the provisions of Chapter 6.

f. RF35 - O&M Flat Rate S&A Clearing - USACE Finance Center (CEFC) only. This work item consolidates and clears the MSC/District month-end balances of the O&M Flat Rate S&A (RF66) work items. Revenues derived from the Corps-wide applied O&M S&A rate that exceed expenses will result in a credit to this work item. Expenses that exceed income/revenue will result in a debit to this work item.

g. RF36 - Reserved.

h. RF37 - HQUSACE Value Engineering Study Team (OVEST) - Savannah District Only.

(1) This work item is used as the OVEST facility account. It will be used to record all operating costs (including distribution of mobilization costs) and income of OVEST operations. Each study to be performed by OVEST must be approved by the HQUSACE Value Engineering Officer (CEMP-ZV). The Corps entity requesting the study will submit a customer order citing the funded value engineering work item. After the customer order is accepted, an ENG Form 3013 (Work Order/Completion Report) for the study will be prepared by OVEST. Estimated costs which cannot be identified to specific studies are submitted to Savannah in the yearly budget and applied to direct labor charges through an indirect cost distribution rate.

(2) The Savannah District will accumulate all OVEST operating costs, including distribution of Savannah District G&A overhead by work order. Savannah District will bill each requesting office monthly (by work order). Upon completion, OVEST will prepare a completion ENG Form 3013 and advise the Savannah District F&A officer so a final bill may be issued.

i. RF38 - Reserved.

j. RF39 - Invoice Clearing.

(1) This series of work items is used to record and distribute costs of services that support multiple users (organizational elements, plant, shop, facilities, projects, or programs). To facilitate rapid payment of invoices for these types of services, invoice costs (e.g., a GSA rent bill from the USACE Finance Center) is recorded in this work item and then

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distributed to users based on an approved method of distribution. The method of distribution must meet the normal accounting standards for reasonableness, fairness, equality and consistency and must be approved by the budget review board during the operating budget review/approval process. Since these work items act as clearing accounts, all recorded costs must be distributed in the accounting period in which they are incurred and a zero balance must be achieved by the end of each reporting period.

(2) Standard invoice clearing work items will be established and maintained in accordance with the following list. Additional invoice clearing work items may only be established by HQUSACE. Requests for establishment of additional invoice clearing work items should be forwarded to HQUSACE(CERM-F) for consideration in advance of actual need.

RF3901	GSA Rent Payments
RF3902	CEAP-IA Payments
RF3903	Corporate Software Site Licenses
RF3904	ITS User Charges
RF3905	Mandated Payments to GSA
RF3906	IMPAC Card Payments
RF3907	Child Care Center Payments
RF3908	Fitness Center Payments
RF3909	Commuter Subsidy Payments
RF3910	Administrative Services Contract (e.g., Payments to CASU for temporary employment services)
RF3911	Defense Printing Service Payments
RF3912	Late Payment Interest Penalties
RF3913	Reserved
RF3914	Reserved

k. RF40 - Shops and Yards Operations. This work item is used to record and distribute all costs associated with shop and yard operations. A separate work item will be maintained for each shop and yard work order; additions and betterments; general shop overhead, etc. A separate subfile or job order account will be established for each work request.

l. RF41 - Laboratory Operations. This work item is used to record and distribute all costs associated with the operation of MSC laboratories. It is credited with costs of tests sold to the customer requesting the work. Partial billings are authorized. The work item (direct and indirect) will be maintained to disclose an analysis of the net operating income or loss. When more than one laboratory is operated, a separate work item will be maintained for each laboratory.

m. RF42 - Garage Operations. This work item is used to record and distribute all costs associated with garage operations. A similar accounting method will be used for garages as outlined above for shops and yards. The total of the subsidiary work item will agree with the appropriate cost control account. Charges applicable to vehicle operation and maintenance will be analyzed and applied in accordance with the RF213 work item structure.

n. RF43 - RESERVED

o. RF44 - Major Subordinate Command (MSC) Labor Clearing. This series of work items is used to identify the specific home RF work item to which an employee is assigned and is used primarily to facilitate automated labor costing.

p. RF45 - Revetment - CEMVM, CEMVN and CEMVK Only. This work item is used to record and distribute all costs associated with revetment operations. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: labor, travel and per diem, training, equipment ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support and all costs associated with the operation of base stations. Since the costs recorded in and distributed from this work item are all inclusive, plant operating (RF20 series) work items need not be established and maintained for the revetment equipment and other capital equipment used exclusively for revetment operations. All costs associated with this equipment may be charged directly to this work item as they are incurred. Separate work items will be established for each of the major elements of the revetment program as follows.

(1) RF 4510 - Revetment Operations. This work item will be used to record and distribute the cost of revetment operations. Typical types of costs recorded in this account include but are not limited to: labor, travel and per diem, training, equipment ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support, issues from warehouse stock and all costs associated with the operation of base stations. Costs may be distributed to projects from this work item using any of the methods authorized in paragraph 16-2b. However, the same method must be used by all three of the USACE activities involved in the Revetment Program.

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(2) RF4520 - Revetment Materials. This work item will be used to record all costs associated with the materials portion of the revetment program. Typical types of costs included in this work item include but are not limited to: items drawn from the materials warehouse, contractor payments, operating materials and supplies, labor, travel, per diem, shipping and handling charges and shop and facility services. Material costs will be distributed to projects at a cost per square foot placed.

q. RF46 - Depreciation-Use-Free Permit Property. This work item is used to accumulate the depreciation and plant increment charges applicable to structures or portion of structures owned by the Revolving Fund which are utilized by other government agencies under use-free permits.

r. RF47 - RESERVED.

s. RF48 - Survey Parties. This work item is used to record and distribute all costs associated with survey party operations. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: labor, travel, and per diem, training, equipment ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support and all costs associated with the operation of base stations. Since the costs recorded in and distributed from this work item are all inclusive, plant operating (RF20 series) work items need not be established and maintained for the floating plant and other capital equipment used exclusively by survey parties. All costs associated with this equipment may be charged directly to this work item as they are incurred.

t. RF49 - Core Drill Operations. This work item is used to record and distribute all costs associated with core drill operations. Typical types of costs which may be charged to and distributed from the work item include but are not limited to: labor, travel and per diem, training, equipment ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support and all costs associated with the operation of base stations. Since the costs recorded in and distributed from this work item are all inclusive, plant operating (RF20 series) work items need not be established and maintained for the drill rigs and other capital equipment used exclusively in core drill operations. All costs associated with this equipment may be charged directly to this work item as they

are incurred.

u. RF50 - Automation. This series of work items is used to record and distribute the cost of computer processing centers; information technology programs/operations; hardware/software installation, maintenance and repair; consolidated acquisitions; system software development, maintenance and enhancement; and direct project support. The cost of hardware/software installation and maintenance and repair should be distributed from this work item on a "fee for service" basis. All automation costs not specifically provided for in one of the work items presented below will be recorded in the indirect automation support work item (RF6011) and distributed as general and administrative overhead. The standard CEFMS work items for the RF50 and RF60 work items are presented in Appendix A. Use of this series of work items is optional for commands who receive automation support from another USACE command. Standard CEFMS work categories/work category elements for the RF6011 work item are presented in Appendix B. All automation facility account costs must be recorded and distributed in a timely, efficient and businesslike manner as provided below.

NOTE: LAN cost, according to its application, may be recorded either as automation or telecommunication cost. Cost occurring from processing and/or storing data applies to automation. If purchased electronic equipment is eventually used for both applications, the purpose at the time of purchase is the determining factor. If the equipment at the time of purchase is used for both applications then it defaults to automation.

(1) Computer Processing Centers (RF5010).

(a) This work item will be used to record and distribute the cost of recurring operations for non-CEAP-IA platforms. A separate work item will be maintained for each platform. In CEFMS the work item for the platform will be created as a child to the parent work item RF5010. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: hardware/software ownership (depreciation, insurance and plant increment) expenses; hardware/software maintenance; hardware repair; rent and utilities, software site licenses; expendable equipment, software and supplies; labor; travel and training.

NOTE: The cost of operations for CEAP-IA platform operations will be recorded in and distributed from the RF31 series of work items.

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(b) Computer processing center costs will be distributed to projects, programs and organizational/facility work items based on actual usage. Monthly distributions are mandatory for all activities. Activities operating non-CEAP-IA computers may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market, or they may develop local programs to perform this function. These costs should be included and distributed as part of the user charges.

(2) Computer Aided Design & Drafting (CADD) Operations  
(RF5021).

(a) This work item will be used to record and distribute the cost of CADD operations, regardless of the organizational element (Information Management, Engineering, Operations, etc.) to which they are assigned. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: hardware/software ownership (depreciation, insurance and plant increment) expenses; hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and supplies; operations; labor; travel and training.

(b) The cost of CADD operations will be distributed to projects, programs and/or organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating CADD equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or they may develop local programs to perform this function. These costs should be included in the CADD operating costs and distributed as part of the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(3) Geographical Information System (GIS) Operations  
(RF5022).

(a) This work item will be used to record and distribute the cost of GIS operations. Typical types of costs

which may be charged to and distributed from this work item include but are not limited to: hardware/software ownership expenses (depreciation, insurance and plant increment); hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and supplies; labor; travel and training.

(b) The cost of GIS operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating GIS equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or they may develop local programs to perform this function. These costs should be included in the GIS operating costs and distributed as part of the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(4) Water Control Data Systems (WCDS) Operations (RF5023).

(a) Except for those operations associated with Reservoir Control Centers which are appropriately charged to and distributed from the Consolidated Support Center RF55 work item, this work item will be used to record and distribute the cost of WCDS operations, regardless of the organizational element (Information Management, Engineering, Operations, etc.) to which they are assigned. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: hardware/software ownership (depreciation, insurance and plant increment) expenses; hardware/software maintenance; hardware repair; software site licenses; expendable equipment, software and supplies; operations; labor; travel and training.

(b) The cost of WCDS operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating WCDS equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market, or they may develop local programs to perform this function. These costs should be included in the WCDS operating costs and distributed as part of

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the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(5) Global Positioning System (GPS) Operations (RF5024).

(a) This work item will be used to record and distribute the cost of GPS operations, regardless of the organizational element (Information Management, Engineering, Operations, etc.) to which they are assigned. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: hardware/software ownership expenses (depreciation, insurance and plant increment); hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and supplies; operations; labor; travel and training.

(b) The cost of GPS operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating GPS equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market, or they may develop local programs to perform this function. These costs should be included in the GPS operating costs and distributed as part of the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(6) Optical Disk Imaging (ODI) Operations (RF5025).

(a) This work item will be used to record and distribute the cost of ODI operations. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: hardware/software ownership expenses (depreciation, insurance and plant increment); hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and supplies; labor; travel and training.



(b) The cost of ODI operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating ODI equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market, or they may develop local programs to perform this function. These costs should be included in the ODI operating costs and distributed as part of the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(7) Contract Hardware/Software Installation, Maintenance and Repair Services (RF5031).

(a) This work item will be used to record and distribute end-user hardware/software installation, maintenance and repair costs by all commands who award a single contract for installation, maintenance and repair of hardware/software. These costs should be distributed throughout the command on a "fee for service" basis.

(b) Use of this work item is limited to actual contract costs and the cost of related help operations. Costs associated with consolidation of requirements and/or award/administration of the hardware/software installation, maintenance and repair services contracts will be charged to the RF6011 or MSC equivalent work item as indirect automation support and distributed as G&A Overhead. This work item may not be used to record and distribute the costs of contracts for hardware installation, maintenance and repairs awarded for the exclusive use of an individual project, program, organizational element, (area/resident office, engineering division, office of counsel, etc.) shop or facility. Such costs will be charged directly to the project or organizational/facility account of the specific activity that initiated the award of the contract.

© The costs recorded in this work item will be distributed to projects, programs, organizational elements, shops and facilities at the contract cost plus a factor for related help operations. The distributions will either be at a standard fixed price per installation, maintenance or repair service which includes related help operations, or the actual cost of each

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installation, maintenance or repair service plus a predetermined factor for related help operations depending on the terms of the contract. Use of automated techniques to accomplish the distributions is encouraged but not mandatory.

(8) In-House Hardware/Software Installation, Maintenance, and Repair Services (RF5032).

(a) This work item will be used to record and distribute end-user hardware/software installation, maintenance and repair costs by all commands who perform these functions with in-house resources on a "fee for service" basis.

(b) The types of costs which may be recorded in and distributed from this work item include but are not limited to: labor; travel; training; tools; supplies; expendable equipment; equipment ownership expenses (depreciation, plant increment and insurance); rent and utilities; contract support; and all costs associated with related help operations. This work item may not, under any circumstances, be used to finance large inventories of spare/replacement parts. As a general rule, these parts will be acquired on an as needed basis from local vendors. However, this work item may be used to finance a small inventory of cupboard stock of hard-to-find items, items with a long acquisition lead time, and items not available from local vendors.

© In order to simplify the accounting, budget and distribution processes; ensure a steady, predictable income stream; and adequately provide for recovery of unbillable time, the cost recorded in this work item will be distributed to projects, programs, organizational elements, shops and facilities using standard fixed fees. The standard fees will be established by the facility manager as a part of the annual operating budget process and must be approved by the budget review board before being implemented.

(1) The standard fee for hardware/software maintenance and repair services will be computed by dividing the estimated annual cost to provide this service by the number of personal computers in use to arrive at the estimated annual cost per personal computer. The annual per computer cost will then be divided by 12 to arrive at a monthly fixed maintenance agreement fee.

(2) The standard fee for hardware/software installation services will be established by dividing the estimated annual cost to provide this service by the estimated number of installations to arrive at the standard fee.

(d) As a general rule, the standard fixed fees established at the beginning of each fiscal year will remain in effect throughout the fiscal year. The fees may, however, be increased or decreased when the incidence of repair, the number of computers in use and/or the number of installations increase or decrease so significantly that it will be impossible for the facility manager to achieve a nominal balance by year end without adjusting the fees. All fee adjustments must be approved by the budget review board before being implemented.

(e) At the end of each month, the facility manager will compute the total amount to be distributed to each project, program, organizational element, shop and facility by (1) multiplying the number of installations by the standard price and (2) multiplying the number of computers in use in each location by the standard monthly maintenance fee. Use of automated techniques to accomplish the distributions is encouraged but not mandatory. The facility manager will ensure that all distributions are completed prior to the transaction cut off date for each accounting period.

(9) System Software Development (RF5040).

(a) This work item will be used to record and distribute costs associated with the development of local Information Technology Systems (ITS) which have program costs less than \$25,000 or do not meet the other criteria for funding as a part of the annual Plant Replacement and Improvement Program (PRIP). A separate work item will be established for each local system being developed. In order to facilitate continued command-wide tracking of the total cost of each local ITS in CEFMS, activities must (1) include the ITS acronym listed in Appendix C in the title of the task level work item and (2) enter the appropriate ITS command indicator code from this appendix in the command indicator code field of the appropriate work item screen when establishing the task level work item for the ITS. Two command indicator codes will be assigned to each work item. One code will incorporate the ITS ID number for identifying specific information technology systems. The other command indicator code will identify the system's appropriate Life Cycle (i.e., PGM00=Program Cycle, OPS00=Operation & Support Cycle, ENHNC=Enhancements Cycle). The appropriate life cycle command indicator code for this account is PGM00. The program cycle consists of phase 0 thru phase III of an informational technology system's life cycle development. Typical types of costs which may be appropriately charged to this work item include but are not limited to: labor, travel, computer usage charges, communication charges, contracts and expendable supplies and

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equipment. This account may not, under any circumstances, be used to record costs related to PRIP financed system development. Such costs must be recorded in the appropriate capital asset acquisition work item and employ the same previously described ITS identification process.

(b) Costs recorded in this work item will be distributed to the proponent project, program or organizational element(s) on an actual cost basis. All costs must be distributed to the system proponent prior to the end of each quarter of the fiscal year. However, monthly distributions may be made at the discretion of the facility manager. The facility manager must ensure that the distributions are completed prior to the transaction cut off date for each accounting period.

(10) Consolidated Hardware Acquisitions (RF5051).

(a) This work item will be used to record and distribute the cost of hardware acquisitions (including site licenses) in those instances in which the acquisition requirements of individual projects, programs and/or organizational elements are consolidated into a single acquisition (procurement action) to: (1) take advantage of volume/quantity prices or discounts or (2) to standardize the hardware being acquired within the command. This work item will only be used to record the actual contract cost of the items being acquired including shipping and/or delivery charges. The cost of assembly and/or installation of the hardware acquired will be recorded in and distributed from the RF5031 and/or RF5032 work item as appropriate. Cost associated with the consolidation of requirements and the award/administration of the acquisition contract will be charged to the RF6011 or MSC equivalent work item as indirect automation support and distributed as general and administrative overhead.

(b) The costs recorded in this work item will be distributed to projects, programs and/or organizational elements based on the actual contract cost including shipping and/or delivery charges of the hardware they ordered and received. The costs recorded in this work item may not be distributed to projects, programs and/or organizational elements which did not order or receive any of the hardware included in the consolidated acquisition.

(11) Consolidated Software Acquisitions (RF5052).

(a) This work item will be used to record and distribute the cost of software acquisitions (including site

licenses) in those instances in which the acquisition requirements of individual projects, programs and/or organizational elements are consolidated into a single acquisition (procurement action) to: (1) take advantage of volume/quantity prices or discounts or (2) to standardize the software being acquired within the command. This work item will only be used to record the actual contract cost of the items being acquired including shipping and/or delivery charges. The cost of assembly and/or installation of the software acquired will be recorded in and distributed from the RF5031 or RF5032 work item as appropriate. Costs associated with consolidation of requirements and award/administration of the acquisition contract will be charged to the RF6011 work item as indirect automation support and distributed as general and administrative overhead.

(b) The costs recorded in this work item will be distributed to projects, programs and/or organizational elements based on the actual contract cost including shipping and/or delivery charges of the software they ordered and received. The costs recorded in this work item may not be distributed to projects, programs and/or organizational elements which did not order or receive any of the software included in the consolidated acquisition.

(12) System Software Maintenance (RF5060).

(a) This work item will be used to record and distribute costs associated with maintenance of local ITSs. Each ITS will have a separate work item established for each local system being maintained. In order to facilitate continued command-wide tracking of the total cost of each ITS, activities must (1) include the ITS acronym listed in Appendix C in the title of the task level work item and (2) enter the appropriate indicator code from this appendix in the command indicator code field of the appropriate work item screen when establishing the task level work item for the ITS. Two command indicator codes will be assigned to each work item. One code will incorporate the ITS ID number for identifying specific Information Technology systems. The other command indicator code will identify the system's appropriate Life Cycle (i.e., PGM00=Program Cycle, OPS00=Operation & Support Cycle, ENHNC=Enhancements). The appropriate life cycle command indicator code for this account is OPS00. The operations and support cycle consists of phase IV of an information technology system's life cycle development. Typical types of costs which may be appropriately charged to this work item include but are not limited to: labor, travel, computer usage charges, site licenses, fee for service, communication charges, contracts and expendable supplies,

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equipment, depreciation and plant increment.

(b) Costs recorded in this work item will be distributed to the proponent project, program or organizational element(s) on an actual cost basis. All costs must be distributed to the system proponent prior to the end of each quarter of the fiscal year. However, monthly distributions may be made at the discretion of the facility manager. The facility manager must ensure that the distributions are completed prior to the transaction cutoff date for each accounting period.

(13) System Software Enhancement (RF5070).

(a) This work item will be used to record and distribute costs associated with the enhancement (additions, betterments, expansions, etc.) of local ITSs which do not meet the criteria for funding as a part of the annual Plant Replacement and Improvement Program (PRIP). A separate work item will be established for each local system being enhanced. In order to facilitate continued command-wide tracking of the total cost of each ITS, activities must (1) include the ITS acronym listed in Appendix C in the title of the task level work item and (2) enter the appropriate indicator code from this appendix in the command indicator code field of the appropriate work item screen when establishing the task level work item for the ITS. Two command indicator codes will be assigned to each work item. One code will incorporate the ITS ID number for identifying specific information technology systems. The other command indicator code will identify the system's appropriate Life Cycle (i.e., PGM00=Program Cycle, OPS00=Operation & Support Cycle, ENHNC=Enhancements). The appropriate life cycle command indicator code for this account is ENHNC. The enhancement cycle consists of phase IV improvements in an information technology system's life cycle development. Typical types of costs which may be appropriately charged to this work item include but are not limited to: labor, travel, computer usage charges, communication charges, contracts and expendable supplies and equipment. This work item may not, under any circumstances, be used to record costs related to PRIP financed system development. Such costs must be recorded in the appropriate capital asset acquisition work item.

(b) Costs recorded in this work item will be distributed to the proponent project, program or organizational element(s) on an actual cost basis. All costs must be distributed to the system proponent prior to the end of each quarter of the fiscal year. However, monthly distributions may be made at the discretion of the facility manager. The facility

manager must ensure that the distributions are completed prior to the transaction cutoff date for each accounting period.

(14) Direct End User Support (RF5080).

(a) This work item will be used to record and distribute in-house costs incurred in direct support of a single project, program, organizational entity, shop or facility which (1) cannot properly be recorded in and distributed from one of the work items discussed above or (2) would either lose their identity as automation costs or distort FTE utilization if charged directly to the project, program, organizational entity, shop or facility. Separate work items will be established and maintained for each project and/or program. The work item for the project/program will be created as a child to the parent work item RF5080. Costs recorded in and distributed from this work item are most typically limited to labor and travel. However, any other type of cost incurred in direct support of a single project and/or program except those appropriately included in another work item may be recorded in and distributed from this work item.

(b) Distributions from this work item will be made on an actual cost basis. All costs incurred will be distributed to the project and/or program to which they are applicable at the end of each accounting period. All costs remaining in this work item at the end of September must be distributed to the projects and/or programs to which they apply prior to the year end closeout.

v. RF51 - Communications. This series of work items will be used to record and distribute the cost of recurring telephone operations, cellular phone operations, Local Area Network (LAN) operations whose sole purpose is the transmitting of information, video teleconferencing operations, direct project support and radio operations. All other communication costs will be recorded in the RF6011 work item as indirect communication support and distributed as general and administrative overhead. Use of this series of work items is optional for those commands who receive communication support from another USACE command. Facility costs will be recorded and distributed in an efficient and businesslike manner as provided below. Standard CEFMS work items are presented in Appendix A. Standard CEFMS work categories/work category elements for the RF6011 work item are presented in Appendix B.

(1) Recurring Telephone Operations (RF5110).

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(a) This work item will be used to record and distribute the cost of recurring telephone operations. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: expendable telephone equipment; equipment ownership expenses (depreciation, insurance and plant increment); equipment maintenance and/or repair expenses; leased line charges; monthly service/use charges; toll calls; expendable equipment and supplies; and all costs associated with the operation of telephone trouble/help lines.

(b) The actual cost of toll calls will be distributed to the project, program or organizational element which made the calls whenever it is cost effective to do so. All other costs will be distributed to organizational elements based on the number of telephone lines (including data lines) installed. The cost of toll calls may be included as part of these distributions in those instances in which it is not cost effective to distribute them to the project, program or organizational element on an actual cost basis. Monthly distributions of the costs recorded in this work item are mandatory.

(2) LAN Operations (RF5120).

(a) This work item will be used to record and distribute the cost of HQUSACE/MSD/District/Labs/FOAs Centralized/Consolidated LAN operations which were established for transmitting information and which service the entire command. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: equipment and software ownership expenses (depreciation, plant increment and insurance); equipment rental/use expenses, maintenance and/or repair expenses; the fully burdened salary of the LAN administrator who will also serve as the facility manager; expendable equipment (i.e., bridge/routers, hubs); software and supplies (i.e., infrastructure cabling); software site licenses; training and expenses associated with LAN communication help operations. This work item may not be used to record and distribute costs associated with the operation of a LAN used exclusively by a project office, area office or a single organizational entity or facility (Engineering Division, Resource Management Office, Central Payroll Office, etc.). Such costs should be costed directly to the project, program, or organizational account (area/resident office overhead, departmental overhead, G&A overhead, etc.). Also, this work item should not be used to record LAN automation cost. LAN cost applies to automation when the cost is incurred from the processing and/or storing of data. See paragraph on RF50 - Automation, for additional information.



(b) In order to simplify the accounting and budget process and help ensure a steady, predictable income and/or expense flow, LAN operating costs will be distributed to projects, programs and/or organizational elements using a fixed monthly use fee concept based on the number of end-user connections to the LAN. The fixed use fee will be established by the facility manager as a part of the annual operating budget formulation process. The monthly fee will be computed by simply dividing the proposed operating budget by the total number of end-user connections to arrive at an annual per user connection cost and then dividing the annual per user connection cost by 12.

(c) Once the operating budget and the user fee are approved, the facility manager will determine the monthly amounts to be distributed to each project, program or organizational/facility account during the fiscal year. The total amount to be distributed will be computed by multiplying the number of end-user connections within each project, program or organizational/facility account by the fixed fee. The fee established at the beginning of each fiscal year will remain in effect throughout the fiscal year unless the number of end-user connections and/or operating cost increases or decreases so significantly that it would be impossible for the facility manager to achieve a nominal balance by year end unless the fee is adjusted. Fee adjustment must be justified and approved by the budget review board before being implemented.

(3) Video Teleconferencing Operations (RF5130).

(a) This work item will be used to record and distribute the costs of video teleconferencing operations. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: equipment and software ownership expenses (depreciation, plant increment and insurance); equipment rental/use expenses; maintenance and/or repair expenses; expendable equipment; software and supplies; software site licenses and training. Space costs (rent and utilities) may also be charged to this work item in those instances in which the room/facility in which the video teleconferencing equipment is installed is used exclusively for video teleconferences. Space costs may not be charged to this account if the room/facility in which the video teleconferencing equipment is installed is also used as a general purpose conference room or serves another purpose when not being used for video teleconferencing.

(b) As a general rule, video teleconferencing costs will be distributed to users at a fixed hourly rate which

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includes both fixed and variable costs. The fixed hourly rate will be computed by dividing the estimated annual operating expenses by the estimated hours of use. The rate will be reviewed no less frequently than once each quarter and adjusted as necessary to meet nominal balance requirements. Rate adjustments must be approved by the budget review board before being implemented.

(c) In those instances in which video teleconferencing facilities are used infrequently, fixed costs will be distributed from this work item as indirect telecommunication support. Variable costs associated with the operation of infrequently used video teleconferencing facilities may either be distributed to the users at actual cost or to the RF6011 or MSC level equivalent work item as indirect telecommunication support at the discretion of the local commander.

(4) Cellular Phone Operations (RF5140).

(a) This work item will be used to record and distribute the cost of cellular phone operations. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: equipment expenses (depreciation, plant increment and insurance); equipment rental/use expenses; maintenance and/or repair expenses; expendable equipment, supplies; service carriers; licenses and training.

(b) Cellular phone operations will be distributed to users at a fixed monthly rate. The fixed rate will be computed by dividing the estimated annual operating expenses by the estimated number of cellular phones in use to arrive at the annual rate and then dividing the annual rate by 12 to determine the monthly rate. The rate will be reviewed no less frequently than once each quarter and adjusted as necessary to meet nominal balance requirements.

(5) Direct End User Support (RF5150).

(a) This work item will be used to record and distribute in-house costs incurred in direct support of a single project, program, organizational entity, shop or facility which (1) cannot be properly recorded in and distributed from one of the four work items discussed above or (2) would either lose their identity as telecommunication costs or distort FTE utilization if charged directly to the project, program, organizational entity, shop or facility. Separate work items will be established and maintained for each project, program,

organizational entity, shop or facility. Costs recorded in and distributed from this work item are most typically limited to labor and travel. However, any other type of cost incurred in direct support of a single project and/or program may be recorded in and distributed from this account.

(b) Distributions from this work item will be made on an actual cost basis. All costs incurred will be distributed to the project and/or program to which they are applicable at the end of each accounting period. All costs remaining in this account at the end of September must be distributed to the projects and/or programs to which they apply prior to the year end closeout.

(6) Radio Operation Centers (RF5160).

(a) This work item will be used to record and distribute the cost of radio operation centers which service more than one project, program, organizational element, shop or facility. A separate work item will be established and maintained for each center. The cost of radio operation centers which service a single project, program, organizational element, shop or facility will be charged directly to the serviced project, program, organizational element, shop or facility. Typical types of costs which may be charged to this work item include but are not limited to: labor, travel, training, rent and utilities, supplies, expendable equipment, equipment maintenance and repair, and equipment ownership expenses (depreciation, plant increment and insurance).

(b) Costs recorded in this work item that can be identified to specific projects, programs, organizational elements, shops or facilities will be distributed to those entities based on actual cost. Costs that cannot be identified to specific projects, programs, organizational elements, shop and facilities will be distributed at a fixed monthly fee based on the number of radios in use. The fixed monthly fee will be established by the facility manager during the formulation process. The fixed monthly fee will be computed by simply dividing the total estimated annual operating expenses by the number of radios in use to arrive at an annual fee and then dividing the annual fee by 12 to determine the monthly fixed fee. The fixed monthly fee must be approved by the budget review board prior to being implemented.

(c) As a general rule, the fixed monthly fee established at the beginning of each fiscal year will remain in effect throughout the fiscal year. However, the fee may be

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adjusted when operating costs or the number of radios in use increases or decreases so significantly that it would be impossible for the facility manager to achieve a nominal balance by year end without a fee adjustment. Adjusted fees must be approved by the budget review board before being implemented.

(d) The amount to be distributed to each project, program, organizational element, shop or facility will be computed by multiplying the fixed monthly fee by the number of radios in use. The facility manager must ensure that all distributions are completed prior to the transaction cutoff date for each accounting period.

(7) Other (Specify) (RF5170).

(a) This work item will be used to record and distribute other specific communication costs, as approved by CERM in coordination with CEIM, on an exception basis. Requests for authority to use this account should be forwarded by memorandum to HQUSACE (CERM-F) for joint CERM/CEIM review and approval.

(b) A distribution method will be established by HQUSACE at the time of approval and will depend on the nature of the costs to be recorded and distributed from this work item.

w. RF52 - Centers of Expertise. This work item will be used to record and distribute costs associated with the operation of USACE Centers of Expertise. Use of this work item is limited to those subordinate commands to which centers of expertise are assigned. In order to facilitate direct charging to projects and/or customer orders, this account functions in the same manner as the Departmental Overhead RF61 work item. Therefore, an indirect cost rate must be established for each center of expertise in the same manner that departmental overhead rates are established for departmental operations. Separate work items will be maintained for each center of expertise as follows:

RF5201	Marine Design Center (CENAP only)
RF5202	Hydropower Design Center (CENPP only)
RF5203	Seismic Design Center (CENPP only)
RF5204	Information Technology Center (CENPP only)
RF5205	HTRW Center (CEMRO only)
RF5206	Transportation Systems Center (CEMRO only)
RF5207	Readiness Support Center (CESPN only)
RF5208	Airborne Lidar Bathymetry Center (CESAM only)
RF5209	Waterborne Commerce Statistics Center (CEMVN only)
RF5210	Hydrological Engineer Center (CESPK only)

RF5211 Chemistry and Material Quality Assurance Laboratory  
(CEWES Only)

The Marine Design Center will maintain child work items under the RF5201 work item for each design project being performed by the Marine Design Division.

x. RF53 - Reserved.

y. RF54 - MILCON Construction S&A Clearing. (USACE Finance Center Only) Consolidates the MSC/District month-end balances of the MILCON S&A (RF65) work items. Revenues derived from the Corps-wide applied MILCON S&A that exceed expenses will result in a credit to the RF54 account. Excess expenses over revenues generate a debit.

z. RF55 - Consolidated Support Activities. As a general rule, this work item will be used to record and distribute costs incurred by all Consolidated Support Centers (activities which provide some type of recurring, continuous support to more than one USACE command) except Consolidated Automation Centers, Consolidated Communication Centers and Consolidated Contracting Activities. However exceptions may be granted by HQUSACE (CERM-F) on a case by case basis in unusual circumstances. The cost of Consolidated Automation and/or Communication Centers will be charged to and distributed from the RF50 and/or RF51 work item of the activity which provides the support service(s). Contracting Activities are quasi-technical organizations which have the ability and are required by the provisions of paragraph 24-21 to direct charge labor to the specific projects, including reimbursable orders, on which they are working. Accordingly, commands who receive contracting support from another command should provide a reimbursable order to the Consolidated Contracting Activity for the services they expect to receive during each fiscal year. The Consolidated Contracting Activity should charge the labor associated with contracting services they provide to other commands directly to the reimbursable order(s) provided to them for this purpose.

(1) Except for costs associated with the operation of Consolidated Contracting Activities, the cost of Consolidated Support Centers will not be initially charged to and distributed from the General and Administrative Overhead (RF60) work item of the activity who provides the service(s) (see sub-para (4) below). To do so will not only distort nominal balance tracking but overstate the cost of G&A Overhead expenses reflected in the Revolving Fund Financial Statements provided to Congress in support of the annual budget submission.

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(2) Separate sub-work items will be maintained as follows:

- RF5501 - USACE Finance Center
- RF5502 - Finance and Accounting Centers
- RF5503 - Human Resource Centers
- RF5504 - Reservoir Control Centers
- RF5505 - CEAP-IA Support Centers
- RF5506 - Missouri River RCC (CENWD ONLY)
- RF5509 - Other Consolidated Support Centers

(3) The costs recorded in these work items will be distributed to all of the supported activities, including the activity at which the centers are located, in the manner specified in the support agreements prepared in accordance with the provisions of DFAS-IN 37-1. While actual cost is the most accurate distribution method, in most instances it is much more cost effective to distribute these costs based on a flat annual fee negotiated as part of the support agreement. Accordingly, this is the preferred distribution method. However, costs may be distributed on some other basis such as number of transactions processed at a fixed price per transaction or the number of documents processed at a fixed price per type of document in those instances in which it is cost/manpower effective to do so and the method is mutually agreed upon and incorporated into the support agreement. Documentation to support the determination and the support agreement must be retained and made available upon request.

(4) All activities, including the activities at which the centers are located, who receive support from consolidated centers will record the cost of the services provided to them by the centers in the General and Administrative Overhead (RF60 series) work item or equivalent in which the costs would be recorded if they performed the service(s) with in-house resources. For example, supported activities will record the cost of finance and accounting services provided to them by the USACE Finance Center in the RF6002 or equivalent work item. Similarly, supported activities will record the cost of human resource services provided by a Human Resource Center, Finance and Accounting Center and/or other Consolidated Support Centers in the RF6005, RF6002 and the appropriate RF6001, 6003, 6004, 6006 thru 6010 or equivalent work items respectively.

aa. RF56 - Payroll Service Clearing (USACE Finance Center (CEFC) Only). The work items in this series are used by CEFC to record and distribute USACE payroll service charges billed by Defense Finance and Accounting Service, USACE per capita assessments, USACE VERA/VSIP assessments and other payroll

related costs paid on behalf of USACE as a whole. To ensure detailed costing, RF5600 has been established as a header account which cannot be costed to or used as an ordering work item. Actual costs are recorded in and distributed from the following ordering work items.

- RF5601 - DFAS Payroll Service Charges
- RF5602 - Per Capita Assessment
- RF5603 - VERA/VSIP Assessment
- RF5609 - All Other

bb. RF57 - Corps of Engineers Automated Legal System.

cc. RF58 - RESERVED

dd. RF59 - Other Facility Services. This standard work item is used to record and distribute costs associated with the operation of unique/temporary shops and/or facilities not specifically provided for in the RF21-RF58 series of work items. A separate child work item must be established for each unique shop and/or facility. Advance HQUSACE (CERM-F) approval is required for each child work item. Requests for approval must contain a description of the child work item to be established, specific justification for use of the child work item, the expected duration of the work item and the method which will be used to distribute costs from the child work item. Each request will be evaluated on individual need and merit and will not constitute a precedent for similar child work items. As a general rule, approvals are indefinite in nature and remain in effect until withdrawn by HQUSACE. However, temporary approvals and approvals limited to specific period of time automatically expire at the end of the specified period. Specific approval to continue use of such work items beyond the specified date must be obtained from HQUSACE (CERM-F) prior to the expiration date of the original approval.

#### 16-6. Fiscal Year Budget and Quarterly Reviews.

a. Commanders must prepare an operating Budget/Cost Schedule for each Revolving Fund shop and facility (RF30-59 work items) operated within their command. Use of the Corps Operating Budget Module in CEFMS is encouraged but not mandatory. A sample budget schedule format is provided in Appendix F for those USACE Commands who have elected not to use the CEFMS operating budget module or some other automated cost vs. budget schedule/system. As the focal point for formulation of the overall operating budget, the local resource management official is responsible and accountable for the oversight of the budget formulation process

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and providing sound financial advice to individual shop and facility managers. Shop and facility managers are responsible and accountable for the actual budget formulation, rate setting, the day to day financial management of the shops and facilities and the achievement of a zero balance by the end of each fiscal year.

b. In order to ensure that all applicable statutory requirements are met, operating budgets must be constructed to achieve a fiscal year end balance of zero for each shop and facility and rates must be established accordingly. Budget execution plans must match expenses to projected income streams. Activities are encouraged to use CEFMS generated rates to the maximum extent possible.

c. In rare and unusual circumstances, HQUSACE may authorize construction of an operating budget aimed at achievement of a fiscal year end balance other than zero for a particular shop or facility. Requests for authority should be forwarded to CERM-ZA for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local resource management office.

d. Expense/income studies will be conducted at least quarterly to determine whether or not the budget projections are on track and the existing rates are properly set. These reviews are essential to the effective financial management of shops and facilities as well as achievement of a zero balance at year end and must be completed in a timely manner. Commanders must ensure that all shop and facility managers take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews.

e. At the end of each fiscal year, each shop and facility work item will be analyzed to determine the degree of effectiveness with which it was managed and to ensure that all statutory requirements were met.

(1) With the exception of those few shop and facilities for which a special year end balance other than zero has been authorized by HQUSACE, the year end balance for each shop and facility should be zero. However, a balance for shops and facilities which, as a whole, falls within a nominal balance range of plus or minus (+ or -) one per cent (1%) of current year expenditures, exclusive of joint cost credits, meets current statutory requirements for achievement of zero balances and is acceptable, although not desirable.



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(2) Any amount in an individual shop or facility work item which falls outside a nominal balance range or exceeds a special year end balance approved by HQUSACE represents a possible statutory violation and, as a minimum, will be subject to censure by the local commander. Amounts which fall outside the nominal balance range for shops and facilities as a whole will, as a minimum, be subject to censure by the Chief of Engineers.

APPENDIX C

STANDARD CEFMS COMMAND INDICATOR CODES  
AUTOMATED INFORMATION SYSTEMS

<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Acqn Project Scheduling Sys	APSS	CEHND	00113
AIS for Emergency Ops Centers	AISEOC	CECW	00418
Albq Dist Mgmt Info Sys	ADMIS	CESWA	00116
AMPRS - Local Pgms	AMPRSLP	CENWD	00291
Annual Training Needs Survey Sys	ATNS	CESAM	00329
APPM/RM Data Base Recon	ARDBR	CELRP	00330
Architect-Engr Contract Admin Spt Sys	ACASS	CEMP	00003
Auto Mgmt & Program Reporting Sys	AMPRS	CEMP	00005
Automated Review Mgmt Sys	ARMS	CEMP	00009
Automated Telephone Staff Sys	AUTOTEL	CESPL	00327
Automated Personal Property Mgmt Sys 4.2	APPMS-4.2	CELD	00428
Automated Info Sys Inv Sys	AISIS	CEIM	00268
Automated Civilian Pers Sys	ACPS	CECPW-RI	00122
Automated Civilian Pers Sys	ACPS	CECPW-EM	00332
Automated Manpower Utilization Rpt Sys	AMURS	CERM-U	00432
Automated Incident Reporting Sys	AIRS	CEMVS	00124
Automated User Permit Sys	AUPS	CECW	00128
Automated Accounting Mgmt Sys	AAMS	CECPW-R	00121
Automated Accounting Mgmt Sys	AAMS	CECPW	00331
Automation Coastal Engr Sys	ACES	CECW	00006
Boring Log Micro Computer Sys	BORLOGS	CEMVN	00130
BPA Register Database	BPARD	CELRP	00316
Bridge Mgmt Sys	BMS	CECW	00334
Bridge Inventory Sys	BIS	CECW	00416

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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Budget Mgmt Sys	BMS	CENWP	00131
Budget Ledger Card Sys	BLCS	CEPOA	00335
C/A Design & Drafting (GIS)	CADD/GIS	CEMP	00336
CADD Database Development	CADD		00390
CADD Sys User Support	CADD	CENWO	00338
CAI For CEFMS	CAICEFMS	CECER	00337
Cannon Dam Performance Monitor	ADAS-CAN	CEMVS	00134
CANON-TRUMAN-STOCKTON SCADA System	SCADA		00392
CE Automated Legal Sys	CEALS	CECC	00017
CEFMS 4.2	APPMS-1	CELD-ZI	00339
Central Payroll Sys	CPL	CENWD	00299
Chem Demil Suspense Tracking	HNDCH	CEHNC	00137
Civil Reporting Sys 72B	72B-Civ	CEMVN	00287
CoE Automation Plan - IA	CEAP-IA	CEIM	00346
CoE Electronic Recordkeeping & Info Sys	CEERIS	CEIM	00424
CoE Enterprise Management Information System	CEEMIS		00457
CoE Financial Mgmt Sys	CEFMS	CERM	00020
CoE Rsce & Military Mgmt	CERAMMS	CEMP	00276
CoE Time, Attendance, and Labor	CETAL	CENWD	00023
CoE Library Info Sys	COELIS	CEHEC	00021
CoE Mgmt Info Sys	COEMIS	CERM	00022
COEMIS Local Reports			00406
Command Special Assistance Initiative System	CSAIS		00467
Computer Aided Design and Drafting	CADD	CEMVR	00343
Computer Aided Supply Transactions	CASTLE	CEMVN	00138
Computer Aided Drafting and Design	CADD	CESAS	00344
Computer Envir Res Data Sys	CERDS	CEMVD	00029
Computer Aided Structural Engineering	GCASE	CECW	00028
Computer Aided Structural Engineering	CASE	CEWES	00027
Computer Aided Geotechnical Engineering	CAGE	CECW	00026
Computer Aided Design and Drafting	CADD	CEMP	00025
Computer Aided Cost			

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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Estimating Sys	CACES	CEMP	00024
Computer Aided Design and Drafting System	CADD	CEMVN	00342
Computer Aided Design and Drafting Library of Design	CADD		00460
Congressional Letter	CONGRESS	CEPOA	00345
Construction Contractor Appraisal Support	CCASS	CEMP	00033
Construction Mgmt Sys	CMS	CENWO	00300
Construction Appns Pgm Contr & Exec (PAX)	CAPCES	CEMP	00140
Contract Info Mgmt System	CIMS		00412
Contract Info Rept	CIMS	CEPOA	00312
Corporate Data Mgmt Sys	CDMS	CENWS	00143
Corps of Engineers Automation Plan - IA	CEAP-IA		00426
Course Evaluation Sys	SCANTRON	CEHNC-TD	00146
Cross Section Volumn and Plot Program			00476
CRREL Property Mgmt Sys	CPMS	CECRL	00149
Cultural and Archeological GIS	CAGIS	CESWD	00036
CW O&M Automated Budget Sys	CWOMABS	CECW	00037
Data Encyclopedia	ENCYC	CEIM	00038
DD Form 1391 Processor Sys (PAX Application)	DD1391	CEMP	00039
Defense Civilian Personnel Data Sys	ACPERS	CEHR	00347
Def Envir Rest Prgrm- Formerly-Def sites	DERM-FUS		00394
DIM Business Process	DIM BP	CEIM	00270
Disbursement Blotter Register	DBR	CEMVN	00288
Dredged Analysis Info Sys	DAIS	CENWS	00046
Dredging Info Sys	DIS	CECW	00047
E-Mail Mandatory Center of Expertise (MCX)	EMCX	CEIM	00349
E-Mail Mandatory Center of Expertise (MCX)	EMCX		00423
E&S Career Referral Database	E&S	CEHR	00163
E&S Career Program Database	E&S	CEHR	00350
Electronic Telephone Directory			00493
Electronic Timekeeping System			

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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
for Windows	ETSW		00471
Electronic Timesheets	ETS	CEPOA	00348
Emergency Mgmt Info Sys	EMIS	CESPK	00326
Employee Database	EDB	CEHR	00159
Engineer Design Project Mgmt Sys	EDPMS	CEMVS	00160
Engineering Design Central Files Database			00480
Engr Div T&A Program	TIMETRAX	CEMVN	00286
Engr Div Cost/Sched Control Sys	COSTRAX	CEMVN	00285
Enterprise Systems Engineering Environment	ESEE	CEIM	00351
Enterprise Systems Engineering Environment	ESEE		00427
Equipment Manual	EP1110-1	CECW	00352
Equipment Manual	EP1110-1		00415
Executive Information System	EIS	CESAD	00353
Facility Planning Sys/SFA	FPS/SFA	CEMP	00050
Facility Resource Income Data	FRIDAYS	CEMVN	00289
File Org & Cont Info Sys	FOCIS	CENWD	00293
Finance & Accounting Data Entry Sys	FADES	CENWD-RM-F	0107
Finance and Accounting Local Programs	COEMISLP	CENWD	00292
Finance and Accounting Data Entry	FADES	CENWD	00313
Financial Admin Mgmt Info Sys	FAMIS	CENWD	00294
Flight Line Layout Program	LAYOUT		00477
Flood Plan Mgmt Service For Villages	VILLAGE	CEPOA	00310
Force Configuration	FORCON	CECW	00053
Frequency Mgmt Sys	FMS	CEIM	00168
FTE Work Year Reporting Sys	FTEWY	CELRP	00169
FTE Work Year Reporting Sys	FTE WY		00407
FTN City Database Mgmt Sys	FCBDMS	CEMVP	00170
Functional Budget Sys	FBS	CEHNC	00172
Functional Repository For Enterprise Data	FRED	CEIM-ZP	00110
Functional Repository For Enterprise Data	FRED		00425
Geographic Information Sys	GIS	CEMVN	00354

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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Geographic Information Sys	GIS	CENWO	00355
Geographic Information Sys	GIS		00396
Geographic Information Sys	GIS		00410
Geographical Resource Anal Spt Sys	GRASS	CECER	00056
Geographical Info Sys	GIS	CECW	00177
GeoTech Instrumentation Sys	IDP	CELRP	00318
Graphical User Interface	GUI		00437
Help Desk Sys	HOTLINE	CEPOA	00356
Historical Imaging Project	HIP	CEHO	00357
Historical Imaging Project	HIP		00420
Homeowners Assistance Info Sys	LYSIS	CERE	00281
Homeowners Assistance Program Mgmt Info Sys	HAPMIS	CERE	00057
Host User ID Management System	HUMS		00484
HP Maintenance Mgmt Sys for Tu	HPMAINT	CEMVK	00297
HTRW Lessons Learned Sys	HTRWLL	CEMP	00295
Huntsville Div Status Report	HNDSTAT	CEHNC	00182
Hydro Sys Seasonal Regulation	HYSSR	CENWD	00183
Hydrographic Survey Improvement System	HYDSIP		00473
Hydrographic Survey Sys	HYDGRAF	CELRP	00315
Hydrographic Survey Sys	HYDROSS	CEMVR	00358
IAS - International Activities System	IAS		00481
Illinois Auto Data Acq Sys	IADAQ	CEMVS	00290
IMA MOD Plan Tracking Sys	IMAMOD		00397
Income	INCOME		00487
Info Network Construction Mgmt Income	INCOME-M	CESAM	00186
Info Network For Construction Mgmt	INCOME-S	CESAS	00058
Info Mgmt Procedure for Automation Cost Trck	IMPACT	CESAM	00359
Integrated Preventive Maintenance Sys	IPMS	CENWP	00096
Integrated Facilities Systems Mgmt	IFS-M	CECPW	00360
Integrated Logistics Sys	ILOGS	CELD	00059
Interpretive Service &			

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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Outreach Program	ISOP	CELRP	00317
Internet Center of Expertise	ICE		00461
Journal & Photographic Arts			
Trk	JOPGRATS	CESAM	00325
Knowledge Worker Sys	KWS	CEMP	00060
Laboratory Info Mgmt Sys	LIMS	CENWD	00361
Laboratory Info Mgmt Sys	LIMS	CELRD	00192
Laboratory Info Mgmt Sys,			
Corps-wide	LIMS	CELRD	00104
Laboratory Info Mgmt Sys	LIMS		00398
Law Library	LAW	CEHNC	00194
Life Cycle Project Mgmt Rpt			
Sys	LRS	CECW	00065
Life Cycle Project Mgmt	LCPM	CESA	00323
Lock Performance Monitoring			
Sys	LPMS	CECW	00066
Logistics Integration			
Database System	LIDS		00429
Logistics Sys	LOGS	CELD	00362
Lower Mississippi Open River			
Survey	LMORS	CEMVD	00197
Manpower			00405
Master Equipment List	MEL	CEHNC	00201
Mgmt Info Sys	MIS	CEHNC	00200
Microsupport Help Desk			00389
Miscellaneous Commitment			
Documents	MCD	CEPOA	00363
Missouri River Auto Data Sys	MRADS	CENWD	00296
Mobile District Enhanced			
Learning	MODEL		00485
Mobile Office Management			
System	MOMS		00492
Motorpool Sys	MTRPL	CEPOA	00364
Natural Resources Mgmt Sys	NRMS	CECW	00204
Non-Structural Evaluation	NSE	CESPK	00206
Numerical Models	NUMMOD	CERD	00365
Numerical Models	NUMMOD		00431
Office Automation Support			
Info Sys	OASIS	CEHEC	00070
Office Supply System	OSS		00399
Operating Budget Resource			
Analysis Sys	COBRA	CERM	00035
Operation Budget Execution			
Sys	OBES	CESPL	00072
Operations Maintenance of			

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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Navigation Installations Operations & Maintenance	OMNI3	CEMVR	00366
Business Information Link	OMBIL	CEWRC-NDC	00109
Pavement-Computer Assisted Structural Eval	PCASE	CEMP	00076
Personnel System	3k		00411
PC ENG Form 3086	PC3086	CEMP	00080
Phone Book	PHONE		00472
Plan Room Automation	PRA	CESPK	00217
Plan, Schedule, Budget Sys	PSB	CECER	00216
Piezometer Information System	PIEZ		00475
Port Facilities Sys	PFS	CECW	00219
Ports & Waterways Info Mgmt Sys	PWIMS	CEWRC	00367
Powerplant Control Sys	PPCS	CENWO	00303
Powerplant Control Sys Repl	PPCS-2	CENWO	00304
Price Dam Performance Monitoring	ADAS-MP	CEMVS	00222
Prioritization O&M Maintenance Projects	QUADRANT	CEWRC	00223
Program Review And Analysis	PR&A	CEHNC	00224
Programming, Admin & Execution	PAX	CEMP	00081
Project & Resource Info System For Mgmt	PRISM		00400
Project Related Data Sys	PRDS	CESAS	00227
Project Resource Operating Sys	PROS	CENAB	00085
Project Maint Mgmt Sys	PMMS	CENWO	00302
Project Mgmt Info Sys	PROMIS	CEMP/CECW	00084
Project Managers 497-Reports	PM497	CEMVN	00284
Program/Project Management Information System	PROMIS		00430
Purchase Req & Commit Sys	PRC	CENAO	00307
R&D Mgmt Info Sys	RDMIS	CERD	00091
R&E Career Program Database	R&E	CEHR	00368
R&E Career Program Database	R&E		00421
Range Scan	RANGSCAN		00479
RAT Query For ADMS/District	RATQUERY	CEPOA	00369
Real Estate Systems Support Center	RSSC	CERE	00371
Real Estate Mgmt Info Sys	REMISMOD	CERE	00372
Real Estate Online Documentation Sys	REODS	CERE-PS	00106



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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Real Estate Corp Info Sys	RECIS	CERE	00279
Real Estate Mgmt Info Sys	REMIS	CERE	00086
Real Estate Geo Info Sys	REGIS	CERE	00280
Records Mgmt Info Mgmt Sys	RIMS	CENWS	00232
Recruiting Facilities Mgmt Info Sys	RFMIS	CERE	00087
Regional Contracting Database			00470
Regulatory Analysis Mgmt Sys	RAMS	CECER	00088
Regulatory Analysis Management System	RAMS	CECW	00370
Regulatory Anal/Mgmt System	RAMS		00401
Regulatory Analysis Management System	RAMS		00402
Regulatory Database & Imaging System	REGDIS		00408
Reliability Program For PC	RPPC	CECPW	00234
Relief Wells Inv for Corps Levees and Dams	RWI	CECW	00373
Relief Well Design Sys	RWDS	CEMVN	00235
Requirement State Mgmt Sys	RSMS	CEIM	00269
RES MEG Info Sys	RMIS	CEHNC	00237
Reservoir Calculation Program	RESCAL	CESPL	00238
Resident Mgmt Sys	RMS	CEMP	00090
Revetment Design			00474
Revetment Maintenance System			00478
(River) Bank Monitoring System	BMS		00482
River Engineering & Environment GIS	REGIS		00483
SADBU	SADBU	CEDB	00374
SADBU	SADBU		00419
Safety Info Mgmt Sys	SIMS	CESO	00092
Safety Reporting System	SRS		00488
SAMPRS	SAMPRS		00486
Scheduler For Overnight Network Processing	BATCHER	CEPOA	00375
Service & Supply Contractor Appraisal Support S.	SSCASS	CEPR	00376
SF-52 Tracking Sys	SF52	CENWS	00244
SHOAL Transit Simulation Sys	SHOALS	CEPOA	00377
Shop Drawings Submittal Reg	SUBMITAL	CEPOA	00311
SPECSINTACT	SI	CEMP	00272
Supervision & Administration Report	S&A RPT	CESPL	00250

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<u>SYSTEM NAME</u>	<u>ACRONYM</u>	<u>SYSTEM PROPOSERS</u>	<u>COMMAND INDICATOR CODE</u>
Support To NWK Computer			
Aided Design & Drafting	CADD	CENWK	00378
Table of Distribution and			
Allowances	TDA		00489
TEC Mgmt Info Sys	TECMIS	CETEC	00093
Technical Services Info Sys	TSIS	CEPOA	00379
Telephone Directory System	TDS		00491
Telemetry Reporting Software	REPORT	CESPL	00253
Text Searchable Document Sys	TEXTSEAR	CENWD	00301
Title	TITLE	CEDB	00380
Training Mgmt Info Sys	TMIS	CEHNC	00097
Trouble Desk Hot Line			
Info Trk	HOTLINE	CENAO	00306
Vehicle Info Mgmt Sys	VIMS	CELD	00098
Visitor Estimation and			
Reporting Sys	VERS	CECW	00381
Visitor Est & Reporting Sys	VERS	CECW	00260
Wapappelo Dam Performance			
Mon	ADAS-WAP	CEMVS	00261
Warehouse Inventory Sys	WIS	CENWD	00099
Warehouse Inventory Control			
Sys	WICS	CEMVK	00262
Water Control Data Sys	WCDS	CECW	00100
Water Control Data Sys	WCDS		00382
Water Demand Forecasting			
Model	IWR-MAIN	CEWRC	00101
Water Control Data Sys	WCDS	CEMVR	00382
Waterborne Commerce			
Statistics	WCSC	CECW	00102
Work Request Tracking Sys	WRTS	CESAJ	00324



CHAPTER 22  
REVOLVING FUND ACCOUNTING  
FOR  
DEPARTMENTAL OVERHEAD

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## CHAPTER 22

### REVOLVING FUND ACCOUNTING FOR DEPARTMENTAL OVERHEAD

22-1. General. Departmental overhead (RF61) work items are established on an organization basis. They are used to record and distribute costs incurred in the day to day operation of technical organizations which either cannot be directly identified to or are not readily chargeable directly to a specific project, program or reimbursable order. Only those projects, programs and reimbursable orders being performed, in whole or in part, within a technical organization benefit from the indirect costs incurred within that organization. Accordingly, departmental overhead costs are only distributed to those projects in which the technical organization is actively involved based on the direct labor charged to the projects, programs and/or reimbursable orders.

22-2. Subsidiary Work Items. The subsidiary work items listed below will be maintained to identify departmental overhead costs. They are the only subsidiary work items currently authorized for use.

a. RF6101 - Operations. Includes costs of supervising and directing operations and maintenance of waterways and all permanent project facilities for the district to include hydroelectric power generating facilities, locks, dams, spillways, navigation and flood control structures, reservoirs, floating and land plant, channel and harbor dredging, etc. (See ER 10-1-3.)

b. RF6102 - Construction. Records the administration and supervision for all contract construction work of the district and all construction by government plant and hired labor, except maintenance, dredging, snagging work, and wreck removal. (See ER 10-1-3.)

c. RF6103 - Construction/Operations (CONOPS). Records operations and construction at those districts where the two functions have merged into a single organizational entity.

d. RF6104 - Engineering. Contains cost of collecting basic engineering data required for engineering and design that cannot be identified to a specific project.

e. RF6105 - Program/Project Management. This work item is

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used to record and distribute costs related to the practical and orderly planning for and scheduling of engineering, construction, and operation and maintenance activities and the overall administration of projects which cannot be identified to specific projects. As a general rule, all costs (labor, training, travel, per diem, etc.) of the Deputy for Programs and Project Management (DPM) which cannot be identified to specific projects will be charged to this work item. However, there are instances in which the DPM also performs general and administrative duties as Deputy Commander which are completely unrelated to his or her duties as a DPM. In these instances, the costs (labor, training, travel, per diem, etc.) associated with the performance of these secondary duties will be charged to the executive office general and administrative (G&A) overhead (RF6001) work item. The direct charging rule will be used to determine to which work item (RF6105 or RF6001) labor that cannot be identified to a specific project should be charged. Borrowed labor procedures will be used to process labor charged to the RF6001 work item by the DPM.

f. RF6106 - Real Estate. Costs for supervising and coordinating the district's real estate activities are recorded in this work item. Services of Real Estate attorneys in direct support of real estate activities should be charged directly to the applicable project in accordance with the direct charge rule whether they are organizationally in the Real Estate Division or in the Office of Counsel.

g. RF6107 - Planning Division. This work item captures the costs of planning activities in the district.

h. RF6108 - Emergency Operations. Labor and travel costs of district office employees temporarily assigned to emergency operations are recorded in this work item. These costs will not be reflected in the costs of the district office organizational elements from which the employees are drawn. They will be credited as sales to work item RF6108 and charged to the applicable flood control and coastal emergency work item, leaving no balance to be distributed as overhead.

i. RF6109 - Emergency Management. Records staff and operating expenses of the emergency operations function that cannot be identified to a specific project. These functions include natural disasters such as floods, hurricanes, volcanic eruptions, earthquakes, etc.

j. RF6110 - Value Engineering. Costs of value engineering

personnel not identified as project specific are to be charged to this work item and distributed based on a departmental overhead rate.

k. RF6111 - Regulatory. Includes all operating expenses which provide the program overview of the regulatory program such as assuring compliance with the various Rivers & Harbors Acts, the Clean Water Act of 1977, the Marine Protection, Research and Sanctuary Act of 1972, and all regulations derived from those Acts.

- l. RF6112 - Training - CEHNC Only.
- m. RF6113 - Chemical Demil - CEHNC Only.
- n. RF6114 - Special Projects - CEHNC Only.
- o. RF6115 - Passaic River Division - CENAN Only.
- p. RF6117 - Ordnance and Explosive Waste Disposal - CEHNC Only
- q. RF6118 - Environmental - CELRN and CESWF Only.
- r. RF6119 - Navigation Planning - CELRH Only.
- s. RF6120 - Engineering and Construction - CESWF and CELRH Only.
- t. RF6121 - Engineering and Technical Services - CESPA and CESWL Only.
- u. RF6122 to RF6132 - Reserved for HQUSACE Use.
- v. RF6133 to RF6139 - CEWES Only.
- w. RF6140 to RF6149 - CECER Only.
- x. RF6150 to RF6159 - CECPW Only.
- y. RF6160 to RF6169 - CETEC Only.
- z. RF6170 to RF6179 - CECRL Only.



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22-3. Labor and Other Costs.

a. Labor Costs.

(1) Labor hours of team members assigned to technical organizations, including supervisors and clerical and administrative staff, which are actually worked on a specific project, program or reimbursable order must be charged as direct labor to that project, program or reimbursable order in accordance with the provisions of Chapters 6 and 7.

(2) Labor hours of a general nature which cannot be identified to or are not readily chargeable to specific projects, programs or reimbursable orders will be charged to departmental overhead work items as indirect labor. Labor related to non-project specific training (including full time attendance at colleges and universities), staff meetings, professional seminars, recruiting efforts, personnel management activities (including general supervision, performance appraisals, counseling and other like activities), committee meetings, general administration and other such activities are prime examples of labor of a general nature which should be charged to departmental overhead work items as indirect labor.

(3) Under no circumstances will labor hours actually worked on a specific project, program or reimbursable order be charged or transferred to another project, program, reimbursable order or departmental overhead work item as indirect labor to mask cost overruns, compensate for funding shortfalls, avoid reprogramming actions, mask potential Anti-Deficiency Act violations or clear labor rejects. Charging or transferring labor hours actually worked on a specific project or reimbursable order to another project, reimbursable order or to a departmental overhead work item for these purposes in itself results in a statutory violation and could ultimately result in an Anti-Deficiency Act violation. Therefore, managers of all technical organizations must establish and maintain procedures and internal controls to ensure labor hours are not mischarged. In addition, Resource Managers/ Comptrollers and their staff must ensure that documented and/or suspected labor mischarges are reported to the local commander for investigation and appropriate corrective action and/or disciplinary action.

(4) Loaned Labor. With the exceptions noted below, departmental overhead will be applied to labor of team members loaned (TDY assistance) to another Corps entity (HQUSACE, Major

Subordinate Command, District Command, Operating Division, Laboratory and/or Field Operating Activity) or another government agency on a reimbursable basis and to labor loaned within a Corps entity (from one office to another).

(a) Direct labor costs applicable to services of team members on a formal SF 50 (Notification of Personnel Action) or executive development assignment to another organization within the same USACE subordinate command.

(b) Labor of team members on formal (SF 50 action) detail to another government agency.

(c) Labor of engineers and/or inspectors informally detailed (no SF 50 action) to work on disaster assistance activities under the direct supervision of the Federal Emergency Management Agency (FEMA) or when performing work such as damage assessments, damage survey reports, or final inspection reports which do not involve direct district office supervision (in accordance with ER 11-1-320).

(d) Labor of team members on PCS house hunting trips.

(e) Labor of DA Interns.

b. Other Costs.

(1) Administrative Costs. The following types of administrative costs incurred within technical organizations will be charged to the organization's departmental overhead work item unless they are specifically and solely related to a single project:

- (a) training
- (b) management and manpower surveys
- (c) programming, budgeting and scheduling
- (d) review and evaluation of management
- (e) preparation of State pamphlets
- (f) responses to other than congressional inquiries regarding probable development of a project or study when not covered by directly appropriated funds
- (g) preparation of annual reports
- (h) quarterly review and analysis
- (i) preparation of charts and exhibits for meetings, staff visits, etc.
- (j) service to other executive, advisory and administrative elements

- (k) service to other agencies and local interests when not covered by directly appropriated funds and/or memorandum of understanding and support agreements
- (l) speeches
- (m) indirect labor (non-project specific)
- (n) temporary duty travel (non-project specific)
- (o) permanent change of station travel
- (p) incentive and performance awards
- (q) equipment ownership (PRIP) charges (i.e., depreciation, insurance and plant replacement charges)
- (r) expendable equipment
- (s) supplies and materials\*\*
- (t) equipment maintenance when not plant, shop or facility owned
- (u) transportation/shipping charges
- (v) printing charges
- (w) CEAP-IA charges
- (x) communication charges
- (y) centralized activity charges\*\*\*
- (z) visual information charges
- (aa) vehicle charges
- (ab) revolving fund facility work item charges
- (ac) support contracts
- (ad) GSA space costs
- (ae) suggestions and incentive awards

\*\* Excludes supplies and materials drawn from central "free issue" supply rooms.

\*\*\* Limited to centralized activities that benefit a single organizational element.

(2) The following types of administrative costs will not be charged to departmental overhead work items:

- (a) general and administrative overhead
- (b) centralized payroll, finance and accounting, and human resources costs
- (c) central (free issue) supply room charges
- (d) costs incurred in support of a single project
- (e) project specific labor or other costs for which sufficient project funds are not available
- (f) postal services

(3) Engineer Interns (other than DA interns). Labor and travel costs of engineer interns are charged to the departmental

or resident/area office overhead work item to which the intern is assigned. Engineer intern costs are included in the calculation of a departmental or resident/area office overhead rate so that the costs of the engineer interns are ultimately distributed to military and civil projects. However, when the intern is assigned to a project office having supervision over only one project, the direct charge method is appropriate for recording engineer intern's labor and travel costs. All costs related to an engineer intern who is assigned to the Army Facilities Engineer will be shared by the engineering, planning, construction, and operations divisions in direct proportion to the technical division's direct labor costs. This is done by initially charging the engineer intern costs to an RF59 work item and then distributing them to the appropriate departmental overhead work items.

22-4. Distributions. A technical division's departmental overhead will be distributed on effective labor charged direct to projects, programs and support for others work items as an add-on percentage. Departmental overhead will not be applied to the following:

- Direct labor costs applicable to services of team members on a formal SF 50 (Notification of Personnel Action) or executive development assignment to another organization within the same USACE subordinate command.

- Labor of team members on formal (SF 50 action) detail to another government agency.

- Labor of engineers and/or inspectors informally detailed (no SF 50 action) to work on disaster assistance activities under the direct supervision of Federal Emergency Management Agency (FEMA) or when performing work such as damage assessments, damage survey reports, or final inspection reports, which do not involve direct district office supervision (in accordance with ER 11-1-320).

- Labor of team members on PCS house hunting trips.

- Labor of DA Interns.

- a. Effective Management. Effective management of the technical staff is an essential factor in the successful operation of a USACE Command. All costs should be budgeted and monitored at least quarterly. Departmental overhead accounts provide the cost of performing technical functions and facilitate comparison of budgeted and actual costs. A predetermined rate

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for each technical division will be developed by relating the technical division's estimated indirect costs to its estimated direct labor base. Rates will be reviewed not less frequently than quarterly and adjusted as necessary to absorb the indirect costs during the fiscal year.

b. Civil-Only Activities. Subordinate Commands without direct military missions (civil-only activities) will establish one single departmental overhead account rate for each separate organization. These departmental overhead rates (which will be different for each organization) will be used to distribute departmental overhead to all programs and projects including military projects performed on a reimbursable basis. See Appendix 22A for sample civil-only Engineering Division departmental overhead rate calculation.

c. Activities with both Civil Works and Military Missions. Subordinate Commands with both direct civil works and direct military missions will establish two departmental overhead rates (one basic rate which does not include GSA space costs and one civil works rate which includes GSA space costs) for each departmental overhead account. The basic military rate will be used to distribute departmental overhead to all military programs and projects (including military reimbursable projects) and the revolving fund flat rate S&A (RF65, RF66 and RF68) work items. The civil works rate will be used to distribute departmental overhead to civil works projects and programs (including civil reimbursable projects and RF operated shop and facilities). See Appendix 22-B-1 for sample civil and military Engineering Division departmental overhead rate calculations.

d. The amount of departmental overhead will be shown separately on all customer bills.

#### 22-5. General Ledger Accounts.

a. GLAC 3318.10 - Results from Operations. Operating balances (expense less income) are closed into this GLAC at the end of each fiscal year.

b. GLAC 5000 Series - Revenues. Represents income from sales of goods or services provided by the Revolving Fund.

GL 5100.10 Revenue from Goods Sold - Public  
GL 5100.21 Revenue from Goods Sold - Intra Revolving  
Fund  
GL 5100.22 Revenue from Goods Sold - Civil Works  
GL 5100.23 Revenue from Goods Sold - Other Army

GL 5100.30 Revenue from Goods Sold - Government - Non-Army  
GL 5200.10 Revenue from Services Provided - Public  
GL 5200.21 Revenue from Services Provided - Intra Revolving  
Fund  
GL 5200.22 Revenue from Services Provided - Civil Works  
GL 5200.23 Revenue from Services provided - Other Army  
GL 5200.30 Revenue from Services Provided - Government - Non-Army

c. GLAC 6000 Series - Operating Expenses. Reflects the operating expenses and joint cost credits.

22-6. Pro-forma Entries.

a. Distribution of Overhead to Other Revolving Fund work items - JCC (except customer orders financed by the Revolving Fund).

DR: 6% Applicable Operating Expense  
CR: 6100.30 JCC Intra Fund Sales

b. Sale of Overhead to Civil Works

DR: 1011.00 Funds Collected (no-check transfer)  
CR: 5200.22 - Sales SVC - Civil Works

c. Sale of Overhead to Military Appropriations

DR: 1311.11 Work items Receivable - Intra District\_Curr  
CR: 5200.23 - Sales SVC - Other Army

22-7. Fiscal Year Budget and Quarterly Reviews.

a. Commanders must prepare a Budget/Cost Schedule for each Revolving Fund departmental overhead work item (RF61) within their command. Use of the CEFMS operating budget module is encouraged but not mandatory. A sample budget schedule format is provided in Appendix 22-B-1 for those USACE Commands who have elected not to use CEFMS or some other automated cost vs. budget schedule/system. As the focal point for formulation of the overall operating budget, the local resource management official is responsible for oversight of the budget formulation process and for providing sound financial advice to individual work item managers. Work item managers are responsible for the actual budget formulation, rate setting, the day to day financial management of departmental overhead work items, and the achievement of a zero balance by the end of each fiscal year.

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b. In order to ensure that all applicable statutory requirements are met, operating budgets must be constructed to achieve a fiscal year end balance of zero for each departmental overhead work item and distribution rates must be established accordingly. Budget execution plans must match expenses to projected income streams. Activities operating in the CEFMS environment are encouraged to use system-generated rates to the maximum extent possible.

c. In rare and unusual circumstances, HQUSACE may authorize construction of an operating budget aimed at achievement of a fiscal year end balance other than zero for a particular departmental overhead work item. Requests for authority should be forwarded to CERM-ZA for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local Resource Management Office.

d. Expense/income studies will be conducted at least quarterly to determine whether or not the budget projections are on track and the existing rates are properly set. These reviews are essential to the effective financial management of year end departmental overhead work items as well as achievement of a zero balance and must be completed in a timely manner. Commanders must ensure that work item managers take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews.

e. At the end of each fiscal year, each departmental overhead work item will be analyzed to determine the degree of effectiveness with which it was managed and to ensure that all statutory requirements are met.

(1) With the exception of those rare departmental overhead work items for which a special year end balance other than zero has been authorized by HQUSACE, the year end balance for each departmental overhead work item should be zero. However, a balance for departmental overhead as a whole which falls within a nominal balance range of plus or minus (+ or -) one percent (%) of current year expenditures, exclusive of joint cost credits, meets current statutory requirements for achievement of a zero balance and is acceptable, although not desirable.

(2) Any amount in an individual departmental overhead work item which falls outside a nominal balance range or exceeds a special year end balance approved by HQUSACE represents a

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possible statutory violation and, as a minimum, will be subject to censure by the local commander. Amounts which fall outside the nominal balance range for departmental overhead as a whole will, as a minimum, be subject to censure by the Chief of Engineers.



## APPENDIX A

### Departmental Overhead Rate Calculation For Engineering Division

Following are examples of how to calculate a departmental overhead rate for Engineering Division using different scenarios.

#### 1. Civil Only Mission

#### Engineering Division FYXX Operating Budget \$000

Expense Type	Direct Expense	Indirect Expense	Total Expense
Base Labor	580	63	643
Benefits	273	30	303
Overtime	12	1	13
AE & Other Contracts	1,500	3	1,503
IT	0	5	5
SLUC (GSA Rent)	0	200	200
Travel	2	10	12
Miscellaneous	<u>5</u>	<u>60</u>	<u>65</u>
Total Budget	2,372	372	2,744

Departmental Overhead Rate Calculation:

$$\frac{\text{Indirect Expense}}{\text{Base Labor} + \text{Benefits} + \text{Overtime}} = \frac{372}{865} = 43\%$$

2. Civil and Military Missions - There are two approaches that can be used to calculate the civil and military departmental overhead rates. In the first, civil and military indirect costs are considered jointly and an amount is added to the civil proprot (add on) to compensate for GSA rent. In the second, civil and military indirect expenses are budgeted for separately. Both approaches will yield the same results.

#### a. Indirect Expenses Budgeted Jointly

#### Engineering Division FYXX Operating Budget \$000

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Expense Type	Civ Dir Expense	Mil Dir Expense	Joint Ind Expense	Ind Civ Expense	Total Expense
Base Labor	1,570	700	454	0	2,724
Benefits	738	329	213	0	1,280
Overtime	<u>31</u>	<u>14</u>	9	0	<u>54</u>
Subtotal	(2,339)	(1,043)			(4,058)
AE & Other					
Contracts	3,500	1,800	15	0	5,315
IT	0	0	57	0	57
SLUC (GSA Rent)	0	0	0	350	350
Travel	4	3	47	0	54
Miscellaneous	<u>9</u>	<u>6</u>	<u>100</u>	<u>0</u>	<u>115</u>
Total Budget	5,852	2,852	895	350	9,949

Departmental Overhead Rate Calculations:

1. Base Rate =  $\frac{\text{Joint Indirect Expenses}}{\text{Civ \& Mil Base Labor + Benefits + Overtime}} = \frac{895}{3,382} = 26.46\%$
2. Add on for Civil =  $\frac{\text{Civil Rent}}{\text{Civil Base Labor + Benefits + Overtime}} = \frac{350}{2,339} = 14.96\%$
3. Military Rate Base Rate + Mil Indirect Add On  $26.46\% + 0 = 26.46\%$
4. Civil Rate Base Rate + Civ Indirect Add On  $26.46\% + 14.96\% = 41.42\%$

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b. Indirect Expenses Budgeted Separately

Engineering Division  
FYXX Operating Budget  
\$000

Expense Type	Civ Dir Expense	Mil Dir Expense	Ind Expense	Ind Civ Expense	Ind Mil Expense	Total
Base Labor	1,570	700	454	314	140	2,724
Benefits	738	329	213	148	65	1,280
Overtime	<u>31</u>	<u>14</u>	9	6	3	<u>54</u>
Subtotal	(2,339)	(1,043)				(4,058)
AE & Other						
Contracts	3,500	1,800	15	10	5	5,315
IT	0	0	57	39	18	57
SLUC (GSA Rent)	0	0	350	350		350
Travel	4	3	47	33	14	54
Miscellaneous	<u>9</u>	<u>6</u>	<u>100</u>	<u>69</u>	<u>31</u>	<u>115</u>
Total Budget	5,852	2,852	1,245	969	276	9,949

Departmental Overhead Rate Calculations:

1. Civil DOH Rate	<u>Civil Indirect Expenses</u>	= <u>969</u>	= 41.42%
	Civil Base Labor + OT + Benefits	2,339	
2. Military DOH Rate	<u>Mil Indirect Expenses</u>	= <u>276</u>	= 26.46%
	Mil Base Labor + OT + Benefits	1,043	

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APPENDIX B

FISCAL YEAR BUDGET/COST SCHEDULE  
FY 19\_\_

VW 6101 Operations  
Account Number  
\_\_\_\_\_ BALANCE

Fiscal Year Budget	Actual Thru 1st Qtr	Actual Thru 2nd Qtr	Actual Thru 3rd Qtr	Actual Thru 4th Qtr
--------------------------	---------------------------	---------------------------	---------------------------	---------------------------

Income:  
Sales:  
Interfund  
Total Income

Expense:  
Labor  
Material & Supplies  
Repairs  
Depreciation  
Plant Increment  
Insurance  
Other (Specify)  
Total Expense

CFY Gain or Loss (-)

BFY Gain or Loss (-)

EFY Gain or Loss (-)

CFY = Current Fiscal Year Activity  
BFY = Beginning Fiscal Year Balance  
EFY = Ending Fiscal Year Balance



## CHAPTER 24

### REVOLVING FUND ACCOUNTING FOR GENERAL AND ADMINISTRATIVE (G&A) OVERHEAD

24-1. General. General and administrative (G&A) overhead work items (RF6001-RF6011, RF6015, RF6021, RF6022 and RF6025) are established to record costs of either a general or administrative nature. They are used to record costs incurred by administrative organizations in accomplishing their functional responsibilities and/or to record/track corporate costs of a general nature which cannot be directly attributed to specific projects. Organizational costs include all operating costs associated with the performance of the functional responsibilities of that organization including services obtained by contract or from another Federal agency. These types of costs include labor, travel, awards, training, transportation of things, space costs, communications, expendable property costing less than \$25,000, and all other expenses that can be identified as being related to functions normally performed by the organization. Direct charging of G&A organizational activities is limited to team members assigned to the work items for Counsel, Equal Employment Opportunity, Safety and Occupational Health and Contracting.

24-2. Subsidiary Work Items. The following work items will be maintained throughout the Corps of Engineers to identify G&A overhead costs. The specifics for direct charging applicable costs are provided in the descriptions for these work items.

a. RF6001 - Executive Office. This work item is used to record the cost of executive office operations within the command, including the payroll cost of civil funded officers. This work item will also be used to record costs of the Deputy for Programs and Project Management (DPM) when performing general and administrative duties in the capacity of Deputy Commander which are completely unrelated to his or her duties as a DPM.

b. RF6002 - Resource Management/Comptroller. This work item is used to record the cost of resource management/comptroller activities, including the cost of centralized payroll services provided by the Defense Accounting and Finance Service (DFAS) and the cost of finance and accounting services provided by another USACE command and/or the USACE Finance Center (CEFC). The costs for centralized payroll and finance and accounting services should not be redistributed to other organizational elements. Costs associated with the operation of a consolidated Finance and Accounting Office which supports more than one USACE

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command will be recorded in the appropriate RF55 series work items and distributed to supported commands as specified in Chapter 16.

c. RF6003 - Public Affairs. This work item is used to record costs incurred within the public affairs office, which acts as the primary agent to communicate to the public/news media the policies and viewpoints of the Corps of Engineers for the command.

d. RF6004 - Counsel. This work item is used to record the cost of legal services, including the rendering of advice and guidance on legal matters, incurred within the command. Services of Counsel in direct support of the Clean Water Act of 1977 should be charged to General Regulatory functions. Services of Real Estate Attorneys and/or other attorneys assigned to the Office of Counsel provided in direct support of project-related real estate activities will be charged directly to the supported projects in the same manner as services provided by Real Estate Attorneys assigned to the Real Estate Division/Directorate.

e. RF6005 - Human Resources. This work item is used to record all costs associated with Human Resources Management, including human resource management services provided by a Civilian Personnel Advisory Center (CPAC), another USACE command and/or a Civilian Personnel Operations Center (CPOC). Costs for services provided by another USACE Command or a CPOC should not be distributed to other organizational elements. This work item will not be used to record costs associated with the operation of a consolidated Human Resource Center which supports more than one USACE command. Such costs will be recorded in the appropriate RF55 series of work items and distributed to supported commands as specified in Chapter 16.

f. RF6006 - Logistics Management. This work item is used to record costs associated with the performance of logistics management services within the command. This work item will also be used to record the cost of logistic management services provided by a consolidated logistics management center. Typical types of services recorded in this work item include but are not limited to transportation management, supply management, maintenance management, facilities management, and vehicle management.

g. RF6007 - Equal Employment Opportunity (EEO). This work item is used to record all costs incurred within the office of primary responsibility/organizational element which directs the overall conduct and/or coordination of EEO and other affirmative

action programs (Federal Woman's Program, Spanish Speaking Program, etc.). This work item is also used to record all costs, including labor, related to the training of EEO counselors and all costs, including labor, incurred by EEO counselors in conjunction with EEO functions of a general nature such as attendance at meetings, conferences and workshops which benefit the command as a whole. Labor, travel and per diem costs related to counseling services provided by EEO counselors to Civil Works Operation and Maintenance projects and/or other organizational elements within the same or another supported command will be charged to the Civil Works project or organizational element to which the service is provided.

h. RF6008 - Safety & Occupational Health. This work item is used to record all costs associated with the supervision and direction of the USACE safety and occupational health program for the command. This includes functions such as policy and program development, programmatic support, on-site periodic safety and occupational health management evaluations (SOHMES) and other activities normally associated with general and administrative overhead. However, technical services readily identifiable with a specific project such as development of workplans; predesign investigations; designs; activity hazard analyses: hazardous, toxic and radioactive waste (HTRW) site safety and health plans (SSHPS); industrial hygiene services for HTRW, asbestos, lead and other hazardous materials abatement activities and safety and industrial hygiene surveys, inspections and environmental evaluations at projects will be charged directly to the project in accordance with the direct charge rule. Such project charges shall not be made unless the technical support required is (1) mandated by USACE requirement and (2) has been requested and coordinated with the project manager and the functional chief. Predetermined project support requirements should be specifically budgeted for by the project manager and/or functional chief.

i. RF6009 - Provost Marshal/Security. This work item is used to record the cost of provost marshal and/or security officer functions as described in ER 10-1-3.

j. RF6010 - Audit (Internal Review). This work item is used to record the cost of internal review operations within the command.

k. RF6011 - Information Management Area (IMA). This work item is used to record the cost of information management operations within the command. Work category codes listed below will be used to record specific types of IMA costs. The work



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category elements listed in Chapter 16, Appendix B, are to be used to further identify cost types.

(1) INMAOF - Information Management. Includes the cost of planning (including Information Management Planning (IMP), setting goals/objectives), budgeting, and general studies (including cost accounting studies).

(a) More specifically, this work category code is used to record the cost for overall management of IMAs such as long and short range planning, development of the IMP, activities associated with approval authority, budgeting, IMA accounting, general studies such as organizational, manpower - cost accounting, etc., career management, and staff oversight functions.

(b) Costs charged to this work category code includes any overall management activities that cannot be categorized in any of the five work categories listed below.

(2) LIBRAR - Library. Included in this work category code are costs for management of library services, resources and facilities supporting the organizational mission by identifying, selecting, acquiring, organizing, controlling, retrieving, and disseminating information and library resources and services.

(3) RECMAN - Records Management. This work category code includes costs associated with management of the life cycle of information itself, to include records creation, maintenance and use, and disposition. Included are files, correspondence, labor costs associated with postal services, declassification, vital records, duplicate emergency files, reports control, and office symbols, implementation within the Army of the Privacy and Freedom of Information Acts.

(4) REPMAN - Reproduction Management. This work category code will include costs for management of publications and forms management programs; distribution systems and all facilities and services for office copiers.

(5) INASU - Indirect Automation Support. As a general rule, this work category code will only be used to record automation costs of a general nature which benefit the command as a whole and/or may not be appropriately charged to the Automation Facility (RF50) work item pursuant to the provisions of Chapter 16. The cost of the following types of indirect automation support activities are properly chargeable to this work category code: master planning; general management/supervision of the

automation staff; requirements analysis; contract source selection, award and management; consolidation of requirements; technical review and approval of end-user automation plans, purchase requests and contracts; general and supervisory training; preparation of command-wide regulations, operating instructions and standard operating procedures; participation in meetings, working groups and task forces; negotiation of support agreements; review of draft regulations provided by higher headquarters; CEAP-IA support (data base management, resolution of system problems, system access approvals, password assignments and other like functions) and other general clerical and administrative work category code activities as appropriate. This work item may not, under any circumstances, be used to record costs which should be recorded in and distributed from the automation (RF50) series of work items to mask the true cost of the services being provided on a fee for service basis or to achieve lower, more acceptable billing rates or fees.

(6) INCOSU - Indirect Communication Support. This work category code will only be used to record communication costs of a general nature which benefit the command as a whole and/or may not be charged to the Communication Facility (RF51) work item pursuant to the provisions of Chapter 16. The cost of the following types of indirect communication support activities are properly chargeable to this work item: master planning; general management/supervision of the communication staff; requirements analysis; contract source selection, award, and management; consolidation of requirements; technical review and approval of end-user communication plans, purchase requests and contracts; general and supervisory training; preparation of command-wide regulations, operating instructions and standard operating procedures; participation in meetings, working groups and task forces; negotiation of support agreements; review of draft regulations provided by higher headquarters and other general clerical and administrative activities as appropriate. This work item may not, under any circumstances, be used to record costs which should be recorded and distributed from the communication (RF51) series of work items to mask the true cost of the services being provided on a fee-for-service basis or to achieve and/or maintain low or more acceptable billing rates or fees.

1. RF6015 - Contracting. This work item is used to record the cost of supervising and directing the contracting activities of the command. It is also used to record the cost of non-project specific contracting services including those provided by a consolidated contracting support center/activity. Contracting services readily identifiable with specific projects and/or reimbursable orders will be charged to those projects and/or

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reimbursable orders in accordance with the provisions of Chapters 6 and 7.

m. RF6020 - Real Property Inventory/Reconciliations. This work item reflects costs incurred by Real Estate Division/Directorate personnel in association with the performance of inventories of Revolving Fund Real Property and reconciliations of Civil Works, Military and Revolving Fund Real Property records to financial records. Borrowed labor procedures will be used to charge labor to this account. Costs incurred by Real Estate Division/Directorate personnel in association with the performance of inventories of project-owned real property will not be charged to this account under any circumstances. All such charges must be charged to the specific project at which the inventory is performed. Costs incurred by Finance and Accounting Office personnel in association with real property reconciliations must be charged to RF6002.

n. RF6021 - Union Activities. This work item is used to accumulate all costs associated with Union activities for subsequent distribution as G&A Overhead. Borrowed labor procedures will be used to record labor charged to this work item.

o. RF6022 - Marketing and Outreach Program Activities. This work item is used to accumulate all costs related to local marketing and outreach program activities for subsequent distribution as G&A Overhead. Borrowed labor procedures will be used to record labor charged to this work item.

p. RF6090 - Results from Operations. This work item reflects prior year net results from G&A account operations in addition to the joint cost credits and sales resulting from distribution of overhead. All expenses in the administrative office accounts (RF6001-6011, RF6015 and RF6025) must ultimately be distributed to appropriate projects. Overhead expenses are recouped as a surcharge to direct labor. The combined balances of all the organizational overhead accounts, to include RF6090, represent the overall under/over distributed overhead. Year end closing rolls the overhead balances into the work category element BFY and stores that amount in the RF6090 account.

24-3. Distribution. G&A overhead will be distributed on effective labor charged directly to projects, programs, Revolving Fund Plant Work Items, Flat Rate S&A Work Items, Shop and Facility Work Items; and Revolving Fund Work for Others work items. G&A overhead will not be applied to the following:

- Labor charged to departmental overhead (RF61) work items.
- Labor of executive, advisory and administrative employees charged to G&A overhead (RF60) work items.
- Labor of executive, advisory and administrative employees charged to reimbursable orders funded by a G&A overhead (RF 60) work item other than Contracting (RF6015) at another USACE command.
- Labor of executive advisory and administrative employees charged to reimbursable orders issued by USACE Major Subordinate Commands for administrative support pursuant to the terms of negotiated support agreements.
- Labor charged to area/resident office overhead (RF64) work items.
- Labor charged to cooperative administrative support unit (CASU) revolving fund work items.
- Labor charged to Centers of Expertise (RF52) work items.
- Labor charged to Consolidated Support Centers (RF55) work items.
- Labor of DA Interns.

a. Effective Management. Effective management of the executive, advisory, and administrative staff is an essential factor in the successful operation of a USACE Command. All costs should be budgeted and monitored at least quarterly. General and administrative accounts provide the cost of performing USACE Command G&A overhead functions and afford the comparison of budgeted amounts and actual costs. Overhead expenses in connection with the operation of district and MSC offices remain somewhat constant throughout the year. The rates for distribution of district overhead are determined at the beginning of each fiscal year, reviewed at least quarterly, and revised as necessary.

b. Civil Works-only Activities. Subordinate Commands without direct military missions (Civil-Only activities) will establish one single G&A rate. This single rate will be used to distribute G&A overhead to all programs and projects including military projects performed on a reimbursable basis. However,

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district commands at which Centers of Expertise are located will also establish a second G&A Overhead rate for use in distributing G&A Overhead to the Center(s) of Expertise in those instances in which the Major Subordinate Command: (1) has operational control (OPCON) of the center(s) and (2) provides some general and administrative support to the center. This rate will be determined by negotiation with the Major Subordinate Command which has OPCON of the center(s).

c. Combined Civil and Military Activities. Subordinate Commands with both direct civil works and direct military missions will establish two G&A overhead rates if GSA space or civil funded military officer costs are incurred. One rate will be a basic rate which does not include GSA space or civil funded military officer cost. The other will be a civil works rate which includes the basic rate and an additional factor for GSA space and/or civil funded military officer costs. District commands at which Centers of Expertise are located will establish a third G&A Overhead rate for use in distributing G&A Overhead to the Center(s) of Expertise in those instances in which: (1) the Major Subordinate Command has operational control (OPCON) of the center(s) and (2) provides some general and administrative support to the center. This rate will be determined by negotiation with the Major Subordinate Command which has OPCON of the center(s). See Appendix 24-A-1 for a sample G&A overhead rate calculation.

(1) The basic rate will be computed by dividing the estimated common (applicable to both civil and military missions) general and administrative costs by the estimated total (civil and military) direct labor dollars. The civil rate will be computed by adding a civil surcharge rate to the basic rate. The surcharge rate will be computed by dividing estimated GSA space and civil funded military officer costs by the estimated civil direct labor dollars.

(2) The basic rate will be used to distribute G&A overhead to military projects and programs (including military reimbursable or support for others projects and/or programs) and the Revolving Fund Flat Rate S&A (RF65, RF66 and RF68 work items).

(3) The civil rate will be used to distribute G&A overhead to all civil works projects and programs (including civil work for others projects and programs) and all revolving fund plant, shop and facility accounts and Revolving Fund Work for Others accounts related to services provided by technical personnel to another USACE command or federal agency and/or services of

executive, advisory and administrative employees provided to another federal agency.

d. Loaned Labor. Labor of G&A employees on loan to another organization within the same USACE Command will be charged to the organizational work item of the borrowing organization using borrowed labor procedures. Labor of G&A employees on loan to another USACE Command or another federal agency will be charged to the work item established when the reimbursable order was accepted.

e. Permanent Change of Station (PCS) Move, Suggestion and Incentive Award Expenses. PCS move and suggestion and incentive award expenses incurred within executive, advisory, and administrative organizations will be charged to the home work item to which the team member is assigned and distributed as overhead.

#### 24-4. General Ledger Accounts.

a. GLAC 3318.10 - Results from Operations. Operating balances (expense less income) are closed into this GLAC at the end of each fiscal year.

b. GLAC 5000 Series - Revenues. Represents income from sales of goods or services performed in the Revolving Fund.

GLAC 5100.10 Revenue from Goods Sold - Public

GLAC 5100.21 Revenue from Goods Sold - Intra

Revolving Fund

GLAC 5100.22 Revenue from Goods Sold - Civil Works

GLAC 5100.23 Revenue from Goods Sold - Other Army

GLAC 5100.30 Revenue from Goods Sold - Government -

Non-Army

GLAC 5200.10 Revenue from Services Provided - Public

GLAC 5200.21 Revenue from Services Provided - Intra

Revolving Fund

GLAC 5200.22 Revenue from Services Provided - Civil

Works

GLAC 5200.23 Revenue from Services Provided - Other Army

GLAC 5200.30 Revenue from Services Provided - Government

- Non-Army

c. GLAC 6000 Series - Operating Expenses. Reflects the operating expenses and joint cost credits.

#### 24-5. Pro-forma entries.

a. Distribution of Overhead to Other Revolving Fund Work

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Items (except customer orders financed by the Revolving Fund).

DR:6% Applicable Operating Expense  
CR:6100.30 JCC Intra Fund Sales

b. Sale of Overhead to Civil Works

DR:1011.00 Funds Collected (no-check transfer)  
CR:5200.22 Sales SVC - Civil Works

c. Sale of Overhead to Military Appropriations

DR:1311.11 Accounts Receivable - Intra District\_Curr  
CR:5200.23 Sales SVC - Other Army

24-6. Fiscal Year Budget and Quarterly Reviews.

a. Commanders must prepare an operating Budget/Cost Schedule for Revolving Fund General and Administrative (G&A) overhead work items (RF60) within their command. Use of the CEFMS operating budget module is encouraged but not mandatory. A sample budget schedule format is provided in Appendix 24-B-1 for those USACE Commands who have elected not to use the CEFMS operating budget module or some other automated cost vs. budget schedule/system. As the focal point for formulation of the overall operating budget, the resource management official is responsible for oversight of the budget formulation process and for providing sound financial advice to individual work item managers. The resource management official is also responsible for the actual formulation of the G&A overhead budget, rate setting, and the day to day financial management of the G&A overhead work item as a whole.

b. In order to ensure that all applicable statutory requirements are met, operating budgets must be constructed to achieve a fiscal year end balance of zero for the G&A overhead work item and distribution rates must be established accordingly. Activities are encouraged to use CEFMS generated rates to the maximum extent possible.

c. In rare and unusual circumstances, HQUSACE may authorize construction of an operating budget aimed at achievement of a fiscal year end balance other than zero for G&A overhead work items. Requests for authority should be forwarded to CERM-ZA for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local resource management office.

d. Expense/income studies will be conducted at least quarterly to determine whether or not the budget projections are on track and the existing rates are properly set. These reviews are essential to the effective financial management of G&A overhead as well as achievement of a zero balance at year end and must be completed in a timely manner. Commanders must ensure that work item managers take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews.

e. At the end of each fiscal year, the G&A overhead work item will be analyzed to determine the degree of effectiveness with which it was managed and to ensure that all statutory requirements were met.

(1) With the exception of those rare G&A overhead accounts for which a special year end balance other than zero has been authorized by HQUSACE, the year end balance in the G&A overhead work item as a whole should be zero. However, a balance which falls within a nominal balance range of plus or minus (+ or -) one per cent (1%) of current year expenditures, exclusive of joint cost credits, meets current statutory requirements for achievement of a zero balance and is acceptable, although not desirable.

(2) Any amount in the G&A overhead work item as a whole which falls outside a nominal balance range or exceeds a special year end balance approved by HQUSACE represents a possible statutory violation and, as a minimum, will be subject to censure by the Chief of Engineers.



APPENDIX A  
General and Administrative Rate Calculations

Following are examples of how to calculate general and administrative (G&A) overhead rates using different scenarios.

1. Civil-Only Mission

Consolidated Technical and Facility  
Operating Budgets FYXX  
\$000

Expense Type	Direct Expense	Indirect Expense	Total Expense
Base Labor	25,000	5,000	30,000
Benefits	11,000	2,350	13,350
Overtime	5,000	100	5,100
Contracts	99,500	100	99,600
IT	0	600	600
SLUC (GSA Rent)	0	2,000	2,000
Travel	800	300	1,100
Miscellaneous	<u>300</u>	<u>150</u>	<u>450</u>
Total Budget	141,600	10,600	152,200

Consolidated G&A  
Operating Budget  
FYXX  
\$000

Expense Type	Direct Expense	Indirect Expense	Total Expense
Base Labor	1,200	7,000	8,200
Benefits	564	3,290	3,854
Overtime	0	50	50
IT	0	900	900
Civil Funded Officers	0	150	150
SLUC (GSA Rent)	0	1,200	1,200
Travel	0	50	50
Miscellaneous	<u>0</u>	<u>50</u>	<u>50</u>
Total Budget	1,764	12,690	14,454

G&A Rate Calculation	<u>Total Indirect G&amp;A Expense</u>	<u>12,690</u>	=	29.68%
	Total Direct Labor Base	42,764		

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2. Civil and Military Missions - There are two approaches that can be used to calculate the civil and military G&A overhead rates. In the first, civil and military indirect costs are considered jointly and an amount is added to the civil portion (add-on) to compensate for civil GSA rent and civil funded military officers. In the second, civil and military indirect expenses are budgeted for separately. Both approaches will yield the same results.

a. Indirect Expenses Budgeted Jointly

Consolidated Technical and Facility  
Operating Budgets FYXX  
\$000

Expense Type	Direct Expense	Div Dir Expense	Mil Dir Expense	Indirect Expense	Total Expense
Base Labor	25,000	11,250	13,750	5,000	30,000
Benefits	11,000	4,950	6,050	2,350	13,350
Overtime	5,000	2,250	2,750	100	5,100
Contracts	99,500	44,775	54,725	100	99,600
IT	0	0	0	600	600
SLUC (GSA Rent)	0	0	0	2,000	2,000
Travel	800	360	440	300	1,100
Miscellaneous	<u>300</u>	<u>135</u>	<u>165</u>	<u>150</u>	<u>450</u>
Total Budget	141,600	63,720	77,880	10,600	152,200

Consolidated G&A  
Operating Budget FYXX  
\$000

Expense Type	Dir Mil Expense	Joint Ind Expense	Ind Civ Expense	Ind Mil Expense	Total Expense
Base Labor	1,200	7,000	0	0	8,200
Benefits	564	3,290	0	0	3,854
Overtime	0	50	0	0	50
IT	0	900	0	0	900
Civ Fund Off	0	0	150	0	150
SLUC (GSA Rent)	0	0	1,200	0	1,200
Travel	0	50	0	0	150
Miscellaneous	<u>0</u>	<u>50</u>	<u>0</u>	<u>0</u>	<u>50</u>
Total Budget	1,764	11,340	1,350	0	14,454

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G&A Overhead Rate Calculations:

1. Base Rate =  $\frac{\text{Joint Indirect Expenses}}{\text{Total Direct Base Labor + Benefits + Overtime}} = \frac{11,340}{42,764} = 26.52\%$
2. Add-on for Civil Funded =  $\frac{\text{GSA Rent + Civ Funded Officers}}{\text{Civil Base Labor + Benefits + OT}} = \frac{1,350}{18,450} = 7.32\%$
3. Military Rate Base Rate + Mil Indirect Add On  $26.52\% + 0 = 26.52\%$
4. Civil Rate Base Rate + Civil Indirect Add On  $26.52\% + 7.3\% = 33.84\%$

b. Indirect Expenses Budgeted Separately

Consolidated G&A  
Operating Budget FYXX  
\$000

Expense Type	Dir Mil Expense	Indirect Expense	Ind Civ Expense	Ind Mil Expense	Total Expense
Base Labor	1,200	7,000	3,020	3,980	8,200
Benefits	564	3,290	1,420	1,870	3,854
Overtime	0	50	22	28	50
IT	0	900	389	511	900
Civ Fund Off	0	150	150	0	150
SLUC (GSA Rent)	0	1,200	1,200	0	1,200
Travel	0	50	22	28	50
Miscellaneous	0	50	22	28	50
Total Budget	1,764	12,690	6,245	6,445	14,454

G&A Overhead Rate Calculations:

1. Civil G&A Rate  $\frac{\text{Civil Indirect Expenses}}{\text{Civil Base Labor + OT + Benefits}} = \frac{6,245}{18,450} = 33.84\%$
2. Military G&A Rate  $\frac{\text{Military Indirect Expenses}}{\text{Military Base Labor + OT + Benefits}} = \frac{6,445}{24,314} = 26.52\%$

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APPENDIX B

FISCAL YEAR BUDGET/COST SCHEDULE  
FY 19\_\_

RF 60  
Account Number  
\_\_\_\_\_ BALANCE

Fiscal Year Budget	Actual Thru 1st Qtr	Actual Thru 2nd Qtr	Actual Thru 3rd Qtr	Actual Thru 4th Qtr
--------------------------	---------------------------	---------------------------	---------------------------	---------------------------

Income:  
Sales:  
Interfund  
Total Income

Expense:  
Labor  
Material & Supplies  
Repairs  
Depreciation  
Plant Increment  
Insurance  
Other (Specify)  
Total Expense

CFY Gain or Loss (-)

BFY Gain or Loss (-)

EFY Gain or Loss (-)

CFY = Current Fiscal Year Activity  
BFY = Beginning Fiscal Year Balance  
EFY = Ending Fiscal Year Balance



CHAPTER 26  
REVOLVING FUND ACCOUNTING  
FOR AREA/RESIDENT OFFICE OVERHEAD

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## CHAPTER 26

### REVOLVING FUND ACCOUNTING FOR AREA/RESIDENT OFFICE OVERHEAD

26-1. General. Area/resident offices are established when the District Commander determines that (1) the distance of project work sites from the District Office or (2) the nature and complexity of the work being performed at the job sites warrant establishment of a field organization located in close proximity to the actual work sites or (3) the establishment of a area/resident office will eliminate the need for individual project offices at two or more construction or operation and maintenance projects. Area/Resident Office Overhead (RF64) work items are established to facilitate the recording and distribution of the indirect cost associated with operation of these offices to individual project work items and/or the Flat Rate Supervision and Administration (RF64, RF65 and RF68) work items. Area/Resident Office Work Items record both income and expenses and are designed to function in basically the same manner as Departmental Overhead Work items (Chapter 22).

26-2. Subsidiary Work Items. A separate RF64 work item must be established and maintained for each area/resident office operated within the command.

26-3. Labor and Other Costs.

a. Labor hours of team members actually worked on individual projects must be charged directly to the project work item or appropriate flat rate supervision and administration (S&A) work items (RF65, RF66 and RF68). Labor of a general or administrative nature (performance of administrative functions such as file maintenance and disposition, property inventories, budget formulation and execution tracking; attendance at training sessions and staff meetings, and other similar activities) and labor which cannot be appropriately charged directly to project and/or flat rate S&A work items will be charged to the RF64 work item and distributed as area/resident office overhead.

b. General and administrative overhead will not be applied to indirect labor charged to area/resident office overhead accounts. However, it will be applied to all direct labor charged to projects and/or flat rate S&A work items.

c. Administrative costs of the types presented in paragraph 22-3b(1) will also be charged to RF64 work items and

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distributed as area/resident office overhead. Cost of the types described in paragraph 22-3b(2) may not be charged to RF64 work items for subsequent distribution as area/resident Office overhead.

d. Acquisitions of capital assets in support of area/resident office operations must be funded in the manner prescribed below. Capital assets are defined as property, plant and equipment (PP&E) which meets the current monetary capitalization thresholds and has a useful life of two or more years. The current monetary capitalization thresholds are \$100,000 for military PP&E and \$25,000 for civil works, including Revolving Fund, PP&E.

(1) Civil Works-Only Area/Resident Offices. Capital assets, including structures to house area/resident offices and leasehold improvements, needed by area/resident offices established and operated in exclusive support of multiple civil works projects, must be funded as a part of the annual Plant Replacement and Improvement Program (PRIP).

(2) Military-Only Area/Resident Offices. Capital assets, excluding structures to house area/resident offices, needed by area/resident offices established and operated in exclusive support of multiple military projects, must be acquired with Other Procurement Army (2035) funds obtained through the normal Corps budget/funding process. Construction of structures to house area offices established and operated in exclusive support of multiple military projects must be financed with either Military Construction Army (MCA) or Operation and Maintenance (OMA) funds which must be obtained in accordance with proper military construction procedures outlined in AR 415-15 and AR 415-35.

(3) Joint Civil Works and Military Area/Resident Offices. Capital assets, including structures to house area/resident offices and leasehold improvements, needed by area/resident offices established and operated in support of both civil works and military projects must be jointly funded by both civil works and military appropriations in direct proportion to the civil works/military workload mix. More specific guidance is being developed and will be included in the next change to this regulation. In the interim, subordinate commands with an immediate need to acquire a capital asset for use by a Joint Civil Works and Military Area/Resident Office should contact HQUSACE (CERM-F) for guidance on the correct funding for the specific acquisition.

\* 26-4. Distributions. A predetermined rate will be established



for each area/resident office based on the budgeted relationship of total annual area/resident office overhead expense and the projected direct labor charges for the year. The predetermined rate will be applied to all labor charged directly to projects and/or the flat rate S&A work items. Rates will be reviewed at least quarterly to determine need for adjustment to ensure that a zero balance is achieved by the end of the fiscal year.

26-5. General Ledger Accounts.

a. GLAC 3318.10 - Results from Operations. Operating balances (expense less income) are closed into this GLAC at the end of each fiscal year.

b. GLAC 5000 Series - Revenues. This series of GLACs represents Revolving Fund income from sales of goods or services.

GL 5100.10 Revenue from Goods Sold - Public  
GL 5100.21 Revenue from Goods Sold - Intra Revolving  
Fund  
GL 5100.22 Revenue from Goods Sold - Civil Works  
GL 5100.23 Revenue from Goods Sold - Other Army  
GL 5100.30 Revenue from Goods Sold - Government - Non-Army  
GL 5200.10 Revenue from Services Provided - Public  
GL 5200.21 Revenue from Services Provided - Intra Revolving  
Fund  
GL 5200.22 Revenue from Services Provided - Civil Works  
GL 5200.23 Revenue from Services provided - Other Army  
GL 5200.30 Revenue from Services Provided - Government - Non-Army

c. GLAC 6000 Series - Operating Expenses. The GLACs in this series reflect current year operating expenses and joint cost credits.

\*

26-6. Pro-forma Entries.

a. Sale of Area/Resident Office Overhead to Other Revolving Fund Work Items (RF65, RF66 and RF68) - JCC (except customer orders financed by the Revolving Fund).

DR: 6% Applicable Operating Expense  
CR: 6100.30 JCC Intra Revolving Fund Sales

b. Sale of Area/Resident Office Overhead to Civil Works Work Items.

DR: 1011.00 Funds Collected (no-check transfer)  
CR: 5200.22 - Sales SVC - Civil Works

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c. Sale of Area/Resident Office Overhead to Military Work Items.

DR: 1311.11 Work items Receivable - Intra District\_Curr  
CR: 5200.23 - Sales SVC - Other Army

26-7. Fiscal Year Budget and Quarterly Reviews.

a. Commanders must prepare a Budget/Cost Schedule for each Revolving Fund Area/Resident Office Overhead(RF64)work item within their command. Use of the CEFMS operating budget module is encouraged but not mandatory. A sample budget schedule format is provided in Appendix 26-A-1 for those USACE Commands who have elected not to use the CEFMS operating budget module or some other automated cost vs budget schedule/system. As the focal point for formulation of the overall operating budget, the local resource management official is responsible for oversight of the budget formulation process and for providing sound financial advice to individual work item managers. Work item managers are responsible for the actual budget formulation, rate setting, the day to day financial management of departmental overhead work items, and the achievement of a zero balance by the end of each fiscal year.

b. In order to ensure that all applicable statutory requirements are met, operating budgets must be constructed to achieve a fiscal year end balance of zero for each area/resident office overhead work item and distribution rates must be established accordingly. Budget execution plans must match expenses to projected income streams. Activities operating in the CEFMS environment are encourage to use system generated rates to the maximum extent possible.

c. In rare and unusual circumstances, HQUSACE may authorize construction of an operating budget aimed at achievement of a fiscal year end balance other than zero for a particular area/resident office overhead work item. Requests for authority should be forwarded to CERM-ZA for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local Resource Management Office.

d. Expense/income studies will be conducted at least quarterly to determine whether or not the budget projections are on track and the existing rates are properly set. These reviews are essential to the effective financial management of area/resident office overhead work items as well as achievement of a zero balance year end and must be completed in a timely manner. Commanders must ensure that work item managers take

appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews.

e. At the end of each fiscal year, each area/resident office overhead work item will be analyzed to determine the degree of effectiveness with which it was managed and to ensure that all statutory requirements are met.

(1) With the exception of those rare area/resident office overhead work items for which a special year end balance other than zero has been authorized by HQUSACE, the year end balance for each area/resident office overhead work item should be zero. However, a balance for area/resident office overhead which, as a whole, falls within a nominal balance range of plus or minus (+ or -) one percent (%) of current year expenditures, exclusive of joint cost credits, meets current statutory requirements for achievement of a zero balance and is acceptable, although not desirable.

(2) Any amount in an individual area/resident office overhead work item which falls outside a nominal balance range or exceeds a special year end balance approved by HQUSACE represents a possible statutory violation and, as a minimum, will be subject to censure by the local commander. Amounts which fall outside the nominal balance range for area/resident office overhead as a whole will, as a minimum, be subject to censure by the Chief of Engineers.

APPENDIX A

FISCAL YEAR BUDGET/COST SCHEDULE  
FY 19\_\_

WORK ITEM

BALANCE

Fiscal Year Budget	Actual Thru 1st Qtr	Actual Thru 2nd Qtr	Actual Thru 3rd Qtr	Actual Thru 4th Qtr
--------------------------	---------------------------	---------------------------	---------------------------	---------------------------

Income:  
Sales:  
Interfund  
Total Income

Expense:  
Labor  
Material & Supplies  
Repairs  
Depreciation  
Plant Increment  
Insurance  
Other (Specify)  
Total Expense

CFY Gain or Loss (-)

BFY Gain or Loss (-)

EFY Gain or Loss (-)

CFY = Current Fiscal Year Activity  
BFY = Beginning Fiscal Year Balance  
EFY = Ending Fiscal Year Balance



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CHAPTER 27

REVOLVING FUND ACCOUNTING  
FOR MILITARY CONSTRUCTION  
SUPERVISION AND ADMINISTRATION

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## CHAPTER 27

### REVOLVING FUND ACCOUNTING FOR MILITARY CONSTRUCTION SUPERVISION AND ADMINISTRATION

#### 27-1. General.

a. ER 37-345-10, chapter 7 provides for the application of supervision and administration (S&A) to military construction work at flat rates. The rates will be reviewed periodically by the Director of Resource Management and revised as necessary. Supervision, inspection and overhead costs will not be charged directly projects to which the flat rate is applicable. Instead, such costs will be charged to Revolving Fund work items in the RF65, RF66, or RF68 series. S&A costs will be distributed at the current S&A rates and charged to military or civil work items as appropriate. Note that distributions to civil work items is limited to use by Omaha District in support of the Rapid Response program. S&A costs distributed will be credited to the RF65, RF66 and RF68 work items. The difference between S&A costs incurred and distributed will be transferred to the USACE Finance Center (UFC). The Rapid Response S&A balance is managed by the Omaha District and is not transferred to the UFC.

b. The flat rate S&A work items (RF65, RF66, and RF68) will not, under any circumstances, be used to acquire capital assets (assets having an acquisition cost in excess of the monetary capitalization threshold and useful life of two years or greater) for use within Area Offices or to construct, operate or maintain Area Office facilities (permanent structures, modular buildings, pre-manufactured buildings, LAN, relocatable buildings, etc.). Use of the flat rate accounts for either of these purposes will result in a statutory violation subject to administrative/disciplinary action. See paragraph 26-1 for funding sources for capital asset acquisition in support of Area Office operations.

#### 27-2. General Ledger Accounts - Supervision and Administration.

a. GLAC 3318.10 - Results from Operations. The operating balances (expenses less income) are closed into this General Ledger account at the end of each fiscal year.

b. GLAC 5000 Series - Revenues. Represents income from sales of goods or services performed in the Revolving Fund.

GLAC 5100.10 Revenue from Goods Sold - Public

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GLAC 5100.21 Revenue from Goods Sold - Other Corps Revolving  
Fund  
GLAC 5100.22 Revenue from Goods Sold - Civil Works  
GLAC 5100.23 Revenue from Goods Sold - Other Army  
GLAC 5100.30 Revenue from Goods Sold - Government - Non-Army  
GLAC 5200.10 Revenue from Services Provided - Public  
GLAC 5200.21 Revenue from Services Provided - Other Corps  
Revolving Fund  
GLAC 5200.22 Revenue from Services Provided - Civil Works  
GLAC 5200.23 Revenue from Services Provided - Other Army  
GLAC 5200.30 Revenue from Services Provided - Government -  
Non-Army

c. GLAC 6000 Series - Operating Expenses. Reflects the operating expenses and joint cost credits.

27-3. Subsidiary Accounts - Military Supervision and Administration.

a. RF6500 - MILCON Supervision and Administration (S&A). This work item is generally used to record S&A costs of projects funded by the MILCON Appropriations Act.

b. RF6600 - O&M (Except DERP) Supervision and Administration. This work item is generally used to record S&A costs of O&M (except DERP) and Department of Defense (DOD) projects funded by the Defense Appropriations Act.

c. RF6601 - O&M DERP Supervision and Administration. This work item is generally used to record S&A costs of Defense Environmental Restoration and Base Realignment and Closure (BRAC) environmental projects.

d. RF6800 - Rapid Response Supervision and Administration (Omaha only). This work item is used to record S&A costs of Rapid Response projects managed by Omaha District.

27-4. Accounting for S&A Costs.

a. Revolving Fund work items RF6500 MILCON, RF6600 O&M (Except DERP), RF6601 O&M DERP and RF6800 Rapid Response are established to capture the actual costs of providing S&A services.

b. Project funded work items are established to account for placement (contractor earnings) and the flat rate S&A charge to



the construction project.

c. Income to the Revolving Fund S&A work items is generated by the flat rate applied to the direct construction costs of the project funded work items. Income does not post to the Revolving Fund work item unless there are sufficient funds on the project funded work item to accept the flat rate S&A charge. Care must be exercised to ensure that the flat rate charge to the project is posted in the same month as the direct construction costs are incurred. Failure to post the flat rate expense results in leakage. Leakage is defined as the amount of expected income (placement times the current S&A rate) less the income accumulated in the revolving fund S&A work item.

d. Caution must also be exercised that only proper expenses are charged to the S&A accounts. Refer to ER 415-1-16, Chapter 2 of the Construction Fiscal Management Regulation for a description of the kinds of expenses appropriately charged to the S&A accounts. In addition, there is no authority for the S&A accounts to be charged with expenses to construct or enter into a capital lease for facilities (relocatable or permanent). Facilities should be provided by the customer or funded from military project funds.

e. Liquidated Damages. Liquidated damages are amounts retained in an open accounts payable (with the exception of amounts for AE liability) on the project funded work item to cover expenses incurred due to delayed contractor performance or in some instances contractor's default. The following guidance applies to the disposition of liquidated damages on a flat rate contract, including those damages disbursed from the project funded work item and collected into the Suspense Account, amounts returned from the contractor or amounts received from the Department of Justice:

(1) Liquidated damages attributable to increased engineering and design expenses will be credited to the appropriation that funded the increased engineering and design expenses. The resource code DAMASSCONT will be used to record the collection of liquidated damages on the project funded work item.

(2) Liquidated damages attributable to increased direct construction costs will be credited to the appropriation that funded the increased direct construction costs. The resource code DAMASSCONT will be used to record the collection of liquidated damages on the project funded work item as to not

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distort amounts of direct construction costs. The amount of the flat rate charge originally applied to the direct construction costs is not to be recouped to cover those S&A expenses of a prior accounting period. In the case of a new construction contract being awarded to complete the work of a defaulted contractor, S&A funds must be requested from the customer to offset S&A expenses of the current accounting period.

(3) Liquidated damages on delayed performance that have contributed to increased S&A expenses will be credited to the appropriate S&A clearing account maintained by the UFC. Make checks payable to the Finance and Accounting Officer, UFC. Liquidated damages on delayed performance that have contributed to increased S&A expense for Rapid Response projects will be credited to the RF6800 work item maintained by the Omaha District.

(4) Liquidated damages that have contributed to other expenses incurred by USACE activities will be credited to the appropriation that funded the other expenses using the resource code DAMASSCONT to record the collection against the project funded work item.

(5) The balance of liquidated damages in excess of increased expenses must be deposited into the General Fund of the U.S. Treasury as Miscellaneous Receipts. Failure to deposit the balance of liquidated damages in excess of increased expenses into Miscellaneous Receipts results in multiple statutory violations.

(6) Increased expenses of the customer can also be offset by the liquidated damages. For example, if the customer incurs additional lease expenses due to delay of completion, those expenses can be offset by the liquidated damages. Record the collection of liquidated damages under the project-funded work item in which contractor earnings were incurred using the resource DAMASSCONT so as not to distort direct construction costs.

f. Request/Approval for Military S&A Cost Transfers. This section addresses cost transfers for military S&A. Procedures for labor cost transfers are described in para 7-5c, while other FOA cost transfer procedures are described in par 6-29.

(1) There are acceptable reasons for initiating an S&A cost transfer. Cost transfers or corrections are not necessarily indicative of financial mismanagement. An example of an honest mistake would be an employee selecting a wrong ordering or

funded work item when creating a Purchase Request and Commitment (PR&C). An unintentional mischarge could also occur if an incorrect work category code, resource code, or organization code were unintentionally selected for the PR&C.

(2) The responsibility for initiating a request for a non-labor cost transfer depends on the source of the mischarge. For clerical errors involving such items as organization, work category, work category element, or resource codes, the responsible employee would generally be the initiator of the PR&C. Changes from a wrong work item should be initiated by the fund manager or analyst. The fund manager and analyst will work together to research the problem and determine the correct solution. This action must be completed promptly, within ten workdays from the date the error was first discovered or the end of the month, whichever occurs first.

(3) The initiator of the cost transfer must have S&A cost transfer authority designated on the Access Control Screen (10.1) in CEFMS. This designated individual will query the account information to be "transferred from" on CEFMS screen 7.4.10 (S&A Cost Transfers with FOA) and identify the amount to be transferred. The account information to be "transferred to" will also be identified on CEFMS screen 7.4.10 with appropriate justification entered for the transfer.

(4) The requirements outlined above may be expanded as deemed necessary to strengthen local internal controls. In all cases, the district Resource Management Officer as well as the responsible division and office chiefs will monitor the cost transfer practices to uncover repetitive problems and/or trends, and take corrective action.

g. Transfer of Month-end Balance of S&A Costs to the UFC. All USACE Commands will process S&A balances (gains or losses) to the UFC monthly. S&A transfers are processed by accessing CEFMS screen 7.4.11. CEFMS requires the initiator to have access control permissions to effect the transfer. Transfer amounts are made separately for MILCON and O&M. The transfer amount for O&M includes amounts for O&M-Except DERP and O&M-DERP. The initiator selects the transfer type "SACON" to transfer MILCON S&A balances from the RF6500 work item and the transfer type "SAOMA" to transfer O&M S&A balances from RF6600 and RF6601 work items.

The "behind-the-scenes" CEFMS formula for processing month end balances is shown below:

RF6500                      RF6600                      RF6601

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Current Month Income	xxx	xxx	xxx
Less Current Month Expenses;			
Supervision & Inspection			
General Overhead	xxx	xxx	xxx
Current Month Gain or (Loss)	xxx	xxx	xxx

If "Income" does not equal the product of the applicable S&A rate times the related "direct cost to which total income applies," the result is leakage as explained in paragraph 27-4c above. Commanders must obtain S&A funds from the customer in advance of performing work.

\* 27-5. Accounting for S&A Costs Performed on a Reimbursable Basis.

a. Supervision and Administration Performed for Other USACE Commands. Supervision and administration effort performed by one USACE Command for another USACE Command will be performed on a reimbursable basis utilizing a Military Interdepartmental Purchase Request (MIPR). Performing USACE Commands having military accounting capability will establish a customer order in a military work item. Performing USACE Commands without military accounting capability will establish a customer order in a revolving fund work item. All expenses of the performing USACE Command will be charged directly to the customer order (i.e., not to a flat rate account) and billed to the requesting USACE Command. The requesting USACE Command will pay the bill from their appropriate flat rate account. The requesting USACE Command will be responsible for transferring month-end balances of S&A to the UFC in accordance with paragraph 27-4g. The performing USACE Command will not transfer S&A performed on a reimbursable basis. The requesting USACE Command will also have full responsibility for the military construction S&A95 report required by paragraph 18-3.

b. The following guidance is provided for workload distributions sanctioned by the Regional Management Boards (RMB) in support of S&A efforts performed for other Department of Defense (DOD) agencies. Supervision and administration performed for other DOD agencies will be performed on a reimbursable basis. Civil-only USACE Commands will have another military USACE Command accept all reimbursable orders citing military appropriations on their behalf. The military USACE Command will then issue a MIPR to the civil USACE Command and the procedures

cited in paragraph 27-5a above will be followed. This ensures that military construction effort is properly reflected in the military accounting records of the Corps. If direct fund cite procedures are utilized for the contract, the military USACE Command must establish a direct fund cite customer order (Fund Type E) and record contractor earnings using ENG Form 93 to record memo placement. Supervision and administration customer orders must be linked to the direct fund cite contract customer order to ensure applicable flat rate charges are processed.

27-6. Pro-forma Entries.

a. Sale of S&A to Military Appropriations

DR: GLAC 1311.11 Accounts Receivable  
CR: GLAC 5200.23 Revenue from Services Provided

b. Monthly Transfer of S&A (RF6500/RF6600/RF6601) to UFC

Transfer of Credit Balance (Income exceeds Expenses).

Transfer District

DR: GLAC 6120.00 Other Services  
GLAC 4580.11 Allotted Direct Authority  
CR: GLAC 1012.00 Funds Disbursed  
CR: GLAC 4931.10 Accrued Expenditures - Paid

UFC

DR: GLAC 1011.00 Funds Collected  
CR: GLAC Revenue From Sales Provided

Transfer of Debit Balance (Expenses exceed Income).

Transfer District

DR: GLAC 1011.00 Funds Collected  
CR: GLAC 5200.21 Revenue From Sales Provided

UFC

DR: GLAC 6120.00 Other Services  
GLAC 4580.11 Allotted Direct Authority  
CR: GLAC 1012.00 Funds Disbursed  
GLAC 4931.10 Accrued Expenditures - Paid